

JPRS-CRF-86-014

6 AUGUST 1986

China Report

RED FLAG

No 11, 1 JUNE 1986



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

6 AUGUST 1986

CHINA REPORT

RED FLAG

No 11, 1 JUNE 1986

Translation of the semimonthly theoretical journal of the Central Committee of the Communist Party of China published in Beijing.

CONTENTS

Act According to Local Conditions (p 2).....	1
Communist Education Must Start With Children and Juveniles-- Commemorating 1 June International Children's Day (pp 3-6) (Hao Jianxiu).....	3
The Emergence and Development of Lateral Economic Association in China (pp 7-10) (Zhao Weichen).....	10
On Rural Economic Association (pp 11-15) (Zhou Yueli).....	18
Strengthen the Party's Ideological and Political Work in the New Period (pp 16-19) (Li Ximing).....	27
Build the Socialist Spiritual Civilization of the Special Zone While Implementing the Open-Door Policy and Carrying Out Reforms (pp 20-24) (Liang Xiang).....	34
Implement the 'Double Hundred' Policy, Develop Theories of Literature and Art--Roundup on the Literature and Art Forum Sponsored by the RED FLAG Editorial Department (pp 25-29).....	44
New Development in the Party's International Liaison Work--On the CPC's Contacts and Exchanges With Socialist Parties, Social Democratic Parties, and Labor Parties (pp 30-32) (Guo Qingshi, Wu Jun).....	52

Active and Passive (pp 33-34) (Jiang Xia).....	57
The Relationship Between Studying Marxism and Studying Management Science (pp 35-37) (Pang Changfu, Liu Chunjian).....	61
Have a Full Understanding of the Difficulty and Complexity of Switching From an Old Structure to a New One (pp 38-41) (Gao Shangquan).....	66
Integrate the Study of Economic Theory With the Reality of Reform (pp 42-44) (Wang Shengbang).....	72
Why Is It Necessary To Gradually Open Up and Develop a Socialist Funds Market? (pp 44-46) (Wu Xiaoling).....	77
In Everything, Going to Extremes Leads to Deviation (p 46) (Liu Linyuan).....	81
'Smoldering' and 'Burning' (p 47) (Liu Mingyang).....	83
It Is Not Too Late To Make Up on the Roundabout What One Lost on the Swings--Reading the Novel 'Subtracting 10 Years' (p 48) (Sun Min).....	85
Strive To Explore Theory on Reform of the Economic Structure-- Reviewing 'Discussions on Theoretical Questions Concerning Reform of the Economic Structure' (inside back cover) (Jiang Huanhu).....	88

/6091

ACT ACCORDING TO LOCAL CONDITIONS

Beijing RED FLAG in Chinese No 11, 1 Jun 86 p 2

["Forum"]

[Text] We can see such a phenomenon: Since the 3d Plenum of the 11th CPC Central Committee, under the guidance of the same principles and policies laid down by the central leadership, some localities and units have vigorously advanced their work in all fields and have created a new situation and brought about remarkable changes, while some localities and units still fail to make major breakthroughs in their work, still fail to create a new situation, and the changes there are far from what people have expected. Of course, we should concretely analyze the reasons. As a subjective factor, this problem is definitely related to the fact that the leading cadres in those localities and units lack creativity in their work and cannot handle affairs in light of their local conditions. Ours is a big country with a large population. Conditions in various localities and units are greatly different. As a matter of course, conditions vary from one province to another, from one prefecture to another, from one county to another, from one township to another, from one village to another, from one department to another, from one enterprise to another, from one school to another, and from one institution to another. The policies of the central leadership only show the common orientation and general principles we should follow. It is impossible for the central authorities to concretely stipulate everything for all localities. When handling various affairs concerning reform, opening up, developing the commodity economy, implementing some specific policies, building spiritual civilization, consolidating the legal system, checking the unhealthy tendencies, or anything else, all localities and units must proceed from their local specific conditions and carry out the central principles and policies in a creative way. This is a concrete way to implement the principle of seeking truth from facts and is an important principle we must follow in order to successfully advance our work.

Some comrades also advocate the principle of seeking truth from facts and acting according to actual conditions, but they merely pay lip service to this principle and treat it as a cliché. When they handle concrete affairs, they still like to wait for and rely on concrete instructions from the upper authorities and do not pay attention to their local conditions. Sometimes, it is obvious that some reasonable measures can be taken to solve their local

problems and these measures will certainly be in the interests of the state, the unit itself, and the people in this unit, but the unit leaders still do not dare to make a decision and still ask for approval and instructions from the upper leadership. It seems to them that only the "red-header" documents can ensure their safety. What do these comrades fear? It seems that they fear to undertake risks, fear to commit mistakes, fear to arouse people's resentment, and fear that the upper authorities may put blame on them. In fact, it is the most reliable and riskless way to handle affairs according to local conditions. What is wrong with adhering to a realistic attitude in our work? If our leading comrades can only carry out the central policies and the instructions from the upper authorities in a mechanical and rigid way for fear of committing mistakes and if they do not dare to take responsibility to handle concrete affairs in light of local conditions and merely pay lip service to the general principles, they have already committed a major mistake. Of course, it is also necessary to create a relaxed opinion environment. This is an objective factor. Party organizations, upper leading organs, and all social circles should encourage and support cadres' creative work and allow them to make some errors or deviations in their work. It is necessary to help cadres draw a lesson from their errors, but we must not recklessly censure them, exaggerate their mistakes, and rudely punish them. Cadres should be bolder in their work. They should dare to take measures in light of the local conditions as long as the measures will not adversely affect the national situation, even if the central authorities have not laid down clear stipulations on these matters. It is normal that there are different opinions. Our cadres must keep calm when hearing different opinions. We may meet such a strange phenomenon: Some cadres are chicken-hearted if they are required to handle some affairs in light of local conditions, and they are nervous when encountering different opinions and may flinch immediately. However, they may act boldly in taking various foul means to seek selfish gains under the excuse of their special conditions. When doing this, they may even disregard the central instructions and other units' criticisms and have no qualms about violating law and discipline. We should deal seriously with these cases. This will only help cadres really handle affairs according to local conditions rather than hinder them from doing so.

We should do a good job in making investigations and studies so as to accurately grasp the situation in all aspects. This is the basis for handling affairs according to local conditions, and is an effective method of preventing errors in our work. Leading cadres should not always stay in their offices, and should not merely rely on reading reports and ready-made materials. They should personally inspect the grass-roots units and directly talk with grass-roots cadres and the masses. Only thus can they find out about the real situation and the concrete methods of solving the major problems. This is certainly not an easy thing. It needs more efforts than saying cliches and relaying the instructions of the upper authorities. However, we must do so in order to prevent bureaucratism and to advance our work in a creative way.

/6091

CSO: 4004/56

COMMUNIST EDUCATION MUST START WITH CHILDREN AND JUVENILES--COMMEMORATING
1 JUNE INTERNATIONAL CHILDREN'S DAY

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 3-6

[Article by Hao Jianxiu [6787 1696 4423]]

[Text] Comrade Deng Xiaoping has pointed out: Communist education must start with young children and must be grasped in primary and middle schools. This important idea points out the theme and clearly indicates the direction of work with children and juveniles in our nation in the new period. On the occasion of 1 June International Children's Day, it is even more appropriate that we should study this directive.

I

The present children and juveniles are the generation which will span two centuries. If we are to build our nation into a modern socialist nation with a high degree of culture and democracy, it will require unremitting efforts from several generations. Whether or not our cause will have people to carry it on is an important matter related to national destiny and the future of the state. In a certain sense, all work that we do at present is, in the end, for the new generation. Children and juveniles are very malleable and the influences they receive affect them greatly. This is the golden age for receiving education. Thus, starting education in communism from childhood so that the children see overall moral, intellectual, physical and aesthetic development, and training them into a generation of new communist people who have ideals, morality, culture and discipline is a demand in speeding the building of the two civilizations and invigorating China, and an important task given to us by history.

The maturation of the later generations requires the nurturing of prior generations. What is pleasing is that in the past few years the whole party and the whole society has acted in accordance with the spirit of the directive of the party Central Committee on paying attention to the healthy growth of children and juveniles, and through efforts on many sides, they have ensured that very obvious achievements have been realized in the work of educating children and juveniles. Last year, the CYL and Young Pioneers, in response to the call by Comrade Deng Yingchao to "establish creative ideals, foster creative abilities and develop creative activities," carried

out throughout the nation "creativity cup" and "study the heroes and build monuments" activities. This caused the hundreds of thousands of Young Pioneers to receive concrete, lively education in communism and, through this, new experiences in carrying out education in communism for children and juveniles in the new situation were gained. At the beginning of 1981, the CPC Central Committee decided that the Women's Federation organizations take the nurturing, fostering and education of children and juveniles as a focal point in their work. Since that time, Women's Federation organizations at various levels have, with great enthusiasm and vigor, brought fully into play the special advantages of mass organizations, motivated strengths on all sides, coordinated the various relevant departments and carried out work in educating children in a thousand and one ways. This has resulted in nurseries in various rural areas seeing vigorous development while individually operated nursery organizations have seen swift development. This has alleviated the difficulties encountered in some large and medium-size cities in finding a nursery for one's child. Women's Federation organizations in various areas have also, through various channels, various levels and various forms, started nurseries and developed nursery and family education. In the training of children's teachers, they have done some beneficial exploration and, at the same time, they have relied on experts to carry out consultancy in terms of the scientific training of children. Various enthusiastic people of relevant departments and the various circles of society have actively collected funds for activities educating children and juveniles, and seriously summed up and provided experiences in children's education. All of these activities have promoted the lively development of education work for children and juveniles.

What has particularly inspired and stimulated people is that in the posts involved in the work of educating children and juveniles, there have appeared a large number of model persons who are worthy of commendation and study. Huang Xiuyi, the instructor of the Young Pioneers unit in the No 16 Primary School in Zhaoqing, Guangdong Province, spent 32 years in the education of juveniles. She used communist ideology to inspire the Young Pioneers and changed this unit which had a reputation of being a collection of "troublemakers," into one where 60 percent of the members are "three-good" students. In order to do well in Young Pioneer work, at 53 years old, she learned how to play the accordion and at 55 years old she learned how to play the violin. She wrote articles and material, totaling close to 2 million characters, on Young Pioneers, and in June last year, just days before she passed away, she wrote an article entitled "How To Use Music To Inspire the Intellects of Young Children." She has been praised as "a devoted soul in tying red scarves." Wang Xiafang, who was originally a cadre in the Propaganda Section of the Political Division of the PLA Engineers, joined the revolution in 1938 and is a disabled soldier, second class, division A. In 1952, he began after-school tutoring and was successively an after-school tutor for over 160 schools. He writes to, or is friends with, close to 10,000 young people. Through his patient and careful work, over 50 young people who had taken a wrong step in life became new people.

Of course, in no way does the list of those who have done very well in educating children and juveniles stop with the above two examples. There is also Pan Yuelan from Daxing County Primary School in Beijing who saved a child from under the wheels of a train and was severely injured and disabled as a result; Hua Yaiguo, the deputy head of Wadian School in Baoying County, Jiangsu, who is called "Mother Teacher"; Han Fengzhen, a Young Pioneer general instructor from Anyang city in Henan Province who is praised for "not seeking fame, not seeking benefit and being willing to be a flagstone on the road"; Jing Yanru who is praised as a "spiritual engineer" and who has been engaged in children's education for 60 years, and so on. These people have, in their different posts in the work of educating children and juveniles, written an educator's song of triumph which touches the bottom of one's heart.

II

In the last few years, although we have realized some great achievements in the work of educating children and juveniles, if we compare these to the demands put forward by the thriving development seen in the building of the two civilizations, we see that they far from meet the demands. The shortfall is particularly great in respect of providing the great numbers of children and juveniles with a basic education in communist ideology. Carrying out this work at present has more pressing and greater significance than it has had at any time in the past and, at the same time, we now have beneficial conditions for carrying it out.

In the process of implementing reform and opening up, our economic, cultural and educational fields have all seen unprecedented development and people's standard of living has seen continued improvement. This has laid down a solid material base for universal education and for developing preschool education and nurseries. Children today live in the environment far superior to that in the past. They have strong physiques, can study and progress and can look forward to a beautiful future. Following the deeper development of educational reforms, and the wider development of research into the science of education, the masses have gained a broader and deeper knowledge of the mental characteristics of children and juveniles and of education methods. This is undoubtedly a beneficial condition for the healthy development of children and juveniles. Only if we have proper education will millions of skilled people of every type continually appear at every level in the future.

However, in another respect, we should recognize that at present in society there exist many unhealthy tendencies. The idea of "seeking money in everything," the new idea of "studying is of no use," unhealthy magazines and reading materials, and low vulgar audio products are all, to different degrees, corrupting the souls of children. Many innocent and pure children and juveniles cannot bear the sight of the bad phenomena which exist in society. In October last year, a Young Pioneer from Yangcun School in Luoshe town, Wuxi, Jiangsu Province, with the spirit of responsibility of being a young master, wrote a letter to Comrade Chen Yun sharply criticizing the social habits of going in for ostentation and extravagance, parading wealth

and being wasteful. At the beginning of this year, a Young Pioneer of the No 1 Primary School in Wenfeng, Anyang city, Henan Province, put forward the issue of "how young master should act...." These both reflect the discontent of children with the negative phenomena in life at present.

Another disadvantageous factor which causes people worry is that following the continual improvement of people's material and cultural lives, and the increase in only-children, the spoiling and pampering of these only-children by some families has caused these children to develop a "selfish mentality" with themselves at the center. Thus, they do not concern themselves with the collective, or with other people and they seek things just for themselves. They do not love labor and do not understand law or discipline. There have even been cases of law violations occurring. This shows sharply that strengthening education in communism for children and juveniles, continually strengthening their ability to resist the corrosion of decadent ideology, and guaranteeing their healthy development, is an arduous and pressing task placed in front of us.

III

In strengthening communist education for children and juveniles in the new situation, we must proceed from the most basic concepts and actions. The contents of education have different points of stress in different periods. Recently, the CYL central authorities and the national Young Pioneers work committee have grasped well three areas of education for children and juveniles: 1) Communist ideological education with education in patriotism as the starting point; 2) education in revolutionary tradition with the study of heroic modes as the main part; 3) moral education in collectivism with the highest principle as "the interests of the people are above all." I feel that these points are very well directed.

In centering around this core of education in communism, regardless of whether we are carrying out education in patriotism, in revolutionary tradition or in collectivist morality, we must teach with skill and patience. At present, in the process of carrying out education in patriotism, we must guide the children's warm love for their native place, their warm love for the motherland and their concern for the socialist four modernizations. We must help them to understand the great blueprint of the Seventh 5-Year Plan and stimulate them to have a zealous yearning for, and to pursue, their beautiful future. We must guide them in understanding the motherland's past and present, and to understand the superiorities of the socialist system. At the same time, we must help them to understand the differences between our nation's economic, scientific and technological levels and those of the developed countries in the world, and encourage them to establish, from a young age, the aspiration of studying diligently in order to invigorate China. In the process of carrying out education in revolutionary tradition, we must guide them: In taking the older generation of revolutionaries as a model; in studying the heroic struggle of the older generation for the communist cause and their noble ideals and revolutionary spirit of not fearing to sacrifice one's life; and in being determined to contribute themselves to strengthening the state and making the people prosperous. We must guide

them in taking modern heroic models as an example and, in studying the enterprising spirit and spirit of giving oneself to the cause which the modern heroic models demonstrated in their protection of the motherland and their building of the four modernizations. We must show them that if they prepare well now, they will be able to realize achievements in the future. In the process of carrying out moral education in collectivism, we must guide them in correctly handling the relationship between themselves and others, so that they consider other people, consider everyone else, find it a pleasure to help people, respect the old and love the young, respect their teachers and elders and concern themselves with their fellow students. We must guide them in correctly handling the relationship between individuals, the collective and the state, so that they understand that the "interests of the people are above all," concern themselves with the collective, concern themselves with the state, and do their duty for the people and the society. Also, we must guide them from a young age, in studying the law, understanding the law and obeying the law, in spontaneously safeguarding public interests and social order, and in daring to struggle against the various types of bad phenomena.

I believe that in carrying out education in communism for children and juveniles, we must especially pay attention to actual results. We must adopt methods which students will easily accept and, in accordance with the physiology of children of different ages, their different characteristics in mental development and their ability to understand, create different forms so that educational activities are vivid, concrete and varied. For example, in the process of carrying out education in patriotism for Young Pioneers, we can develop activities including "advancing motherland," "be determined to reach the target, rouse oneself in striving for the 'four haves,'" "be diligent and skillful in using our two hands," and "I draw stars for the Seventh 5-Year Plan." In the course of providing collectivist education in nurseries for preschool age children, we can use activities such as "small tasks," "small helper" and "I am doing good deeds for my small friends." In this area, many units have created successful experiences. For example, the school and neighborhood party and CYL organizations under Jiangnan District in Wuhan city have, in accordance with the various levels of growth in a child's development, implemented various levels and different forms of education in traditions. For primary school students, the stress of education is on images, pictures and words are given equal stress, and words and songs are combined. For the middle-school students, the stress is on inspiration. This has been well received by the students.

In brief, when educating children and juveniles in communism, we must abide by the principles of proceeding from low to high, and from shallow to deep, so that there is gradual, ordered progress. We must pay attention to the patterns, the scientific nature and the continuity of education, and must be good at accurately influencing the various factors of children's growth. Also, with different problems arising in different periods, we must be able to carry out education work with specific problems in mind. Only in this way will we be able to achieve ideal results.

IV

In November last year, after I made a report to the leading comrades of the Central Committee, Comrade Hu Yaobang provided some very valuable comments. He pointed out that education of children is an important component part of our nation's national education and that he hoped it would attract the attention of the whole society.

I feel that abiding by the principle of "gearing toward modernization, gearing toward the world and gearing toward the future," and training children into a generation of new communist persons is an especially important task to be shouldered by our literature and art circles, theoretical circles, journalist circles and publishing circles. In various senses, the comrades in these departments, like teachers, are spiritual engineers in molding children and juveniles. A novel, a film, a television drama, or a song only needs to be seen or heard by a child and it will leave an impression on its young soul. Sometimes, it may even have a long-term influence on their road of growth.

Literature and art are products of society and should put social benefits in first place. All literature and art workers should have a high degree of political responsibility, social responsibility and educational responsibility. Now, everyone has this responsibility as the propagation media increase and become more advanced, and children's ability to receive these and their ability to think have developed to a higher stage. These abilities have developed faster than ever before and the influence of culture and art on children is becoming stronger daily. These new changes require that our cultural and art workers coordinate with the various sides in society and together take on the glorious task of training new people with the "four haves." We must use our healthy works and performances to help our children and juveniles to establish a correct outlook on life, and guide them in raising their ability to understand and transform the world. In this respect, Hu Jingfang, a playwright with the Liaoning Provincial Art Theater and comrades engaged in children's theater in various places, have realized great achievements. It is hoped that all literature and art workers will, with a loving "parent's heart" like these workers, be exemplary teachers to the children and transmit to the children noble sentiments and ideas, create and perfect more literature and art works which are beneficial to children, and help the vast numbers of children and juveniles to develop healthily.

Our party and government organs, army units, groups, schools and enterprise and institutional units have the responsibility and obligation, in accordance with their own specific conditions, to fully bring into play their own functional characteristics and, from many angles, do good and practical things which will contribute to the healthy development of children and juveniles. We should give the green light to, and provide the best possible conditions for these things which are of benefit to the healthy development of children and juveniles.

Every Communist Party member, every CYL member, every cadre, all workers, all officers and men of the PLA, and every parent must shoulder the task of the times in educating children and juveniles. They should set an example themselves, stress culture, stress social morality, be brave in resisting unhealthy tendencies, get rid of decadent ideological vestiges of feudalism and capitalism, use their own words and actions to transfer into the souls of the children the seeds of communist ideology and constantly set spiritual and cultural examples. Parents must have a longer view. In respect of children's actions and requests, they must appraise and either respond or not depending on whether it is beneficial to the child's long-term development. In this, love and strict requirements are in unity. Pampering is not love and at times can even harm children. It is hoped that every parent will think about their child's future logically and realistically.

Training a generation of new communist people is an extremely glorious and extremely arduous historical mission. Of course, standing in the front line in order to complete the mission are workers in child and juvenile education. You have the diligent, untiring hands of a gardener, you have the spirit of devotion of a candle and you have the broad-mindedness of the wise. In your past work, you have been diligent day and night and the results achieved are obvious. As to your work in the future, you shoulder heavy responsibilities and thus need to make greater efforts. The party and the whole society have placed great hopes in you. Let us link hands and, in order to improve the quality of the whole Chinese nation, and in order to realize the magnificent cause of communism, create a new situation in the work of educating children and juveniles!

/6091

CSO: 4004/57

THE EMERGENCE AND DEVELOPMENT OF LATERAL ECONOMIC ASSOCIATION IN CHINA

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 7-10

[Article by Zhao Weichen [6392 4850 5256]]

[Text] Over the past several years, China's economic management system reform has, on a nationwide scale, helped end segregation between sectors and between localities and helped remove the fetters of the old management system. Many forms of economic association networks traversing many channels and many levels have appeared, powerfully promoting China's economic prosperity and development. This is a new thing arising from the implementation of the guiding principle of opening China to the outside world and invigorating the domestic economy, and is also an important part of our economic system reform. Lateral economic association is developing vigorously and it manifests strong vitality.

I

Lateral economic association has emerged and developed under the auspices of the CPC Central Committee and the State Council leadership, and as a result of the impetus of our national economic management system reform.

China's past economic management system had many drawbacks which hindered the development of production. Owing to the segregation between localities and between sectors, various localities' economic advantages could not be fully developed, the weak points of each locality could not be remedied by the strong points of others, human, financial, and material resources could not be fully and effectively utilized, and the problem of rigidity in economic work became increasingly more serious. Since the 3d Plenum of the 11th CPC Central Committee, the guiding principle of relying mainly on the planned economy with regulation by market mechanism as a complement has been put forth, the role of regulation by market mechanism has continuously expanded, the traditional management system and method of work have gradually given way to new ones, and people have attached increasingly greater importance to working according to economic laws. Because the segregation between sectors and between localities was more markedly impeding economic development, ending this segregation and developing lateral economic association appeared to be all the more essential. In response to the demand of some enterprises and localities for developing unplanned cooperation in the area of goods and materials and developing lateral economic association, the State Council

issued in 1980 the "Provisional Regulations on Promoting Economic Association," in which the policy of "developing strong points, circumventing weak points, safeguarding competition, promoting association" is clearly set forth. This has very effectively promoted the development of lateral economic association and the ending of segregation between localities, between sectors, and between enterprises. In 1981, thanks to the initiation and support of the leading comrades of the CPC Central Committee and the State Council, economic and technological cooperation conferences were convened initially by three provinces and two municipalities in north China, which set up the first open, loosely organized type of economic and technological cooperation zone organized according to the method of economic association. The State Council fully endorsed this development and announced: "Economic and technological cooperation between localities is conducive to economic readjustment, tapping potentials, and improving economic results." In summer the same year, a forum on theoretical questions concerning economic and technological cooperation was held in Shanghai, at which those present analyzed the imbalance in China's economic and technological development and also the necessity and importance of economic and technological cooperation between localities, pointed out that the development of lateral economic association in China is an inevitable trend, and explained the great significance of developing economic and technological cooperation.

In January 1983, with the approval of the State Council, the State Economic Commission convened a national conference on the experience of economic and technological cooperation in order to enhance understanding, review experience, and promote actual work. Shanghai, Tianjin, Nei Monggol, Gansu, and so on, which rather satisfactorily organized economic and technological cooperation, presented their experience. The indisputable facts in their experience demonstrated that economic and technological cooperation did promote the improvement of economic results. Since that conference, economic and technological exchanges between various localities have begun to multiply. According to incomplete statistics, from 1981 to 1983, more than 14,600 cooperation projects were arranged in various localities in China, with the forms of cooperation continuing to multiply and the scale of cooperation continuing to expand.

In the spring of 1984, while inspecting work in southwest China, Comrades Hu Yaobang and Zhao Ziyang enthusiastically advocated cooperation and economic association between various southwestern provinces and helped to bring about an economic coordination conference between Sichuan, Yunnan, Guizhou, the Guangxi Zhuang Autonomous Region, and Chongqing. In June the same year, Sichuan, known as "the land of abundance," opened wide its door and invited the 27 other provinces, municipalities directly under the central government, and autonomous regions to send personnel to Sichuan to discuss major plans for economic vitalization and to negotiate on economic and technological cooperation projects. In September the same year, with the approval of the State Council, the State Economic Commission, the State Planning Commission, the State Nationalities Affairs Commission, and the State Goods and Materials Bureau jointly convened the "National Conference on Economic and Technological Cooperation and on Counterpart Support," which was the first large-scale joint economic conference since the founding of the PRC. Leading comrades in charge

of economic work from all of China's provinces, autonomous regions, and municipalities directly under the central government attended the conference, at which it was fully affirmed that lateral economic association is an inevitable trend of development of the socialist economy and is an important part of our economic system reform. The conference broadened the horizons of those present and boosted their confidence in work.

The "Resolution of the CPC Central Committee on Reform of the Economic System" adopted at the 3d Plenum of the 12th CPC Central Committee has greatly encouraged the development of lateral economic association. The "Resolution" clearly states: "Not only must China be opened to the outside world, but it is even more necessary for various localities in China to be opened to each other. Regions which are relatively well developed economically and regions which are relatively less developed, coastal, inland, and frontier regions, cities and the countryside, and various industries and enterprises, must remove the barriers between them and open their doors. They must vigorously promote lateral economic links according to the principle of developing strong points, circumventing weak points, adopting many different methods, benefiting one another, and achieving joint development." Encouraged by the spirit of the 3d Plenum of the 12th CPC Central Committee, urban and rural economic system reform has proceeded vigorously and lateral economic association has developed rapidly. In 1984, 17,000 economic and technological cooperation projects were arranged in China, surpassing the total figure for the 3 preceding years. According to incomplete statistics, 35,000 cooperation projects were arranged in 1985, more than double the 1984 figure, with cooperation in the area of goods and materials involving a value of 16 billion yuan.

Currently, a national lateral economic association network has been formed and lateral economic association is developing in depth and in scope. Aside from simple cooperation in the area of goods and materials, there is also unified association embracing production, funds, goods and materials, personnel, and business operation, with technological cooperation as the hub. Aside from single-project, temporary, or loose economic cooperation, there is comprehensive, long-term, or steady cooperative association. Aside from association between industrial enterprises in production, there is association between many industries or many realms, as between industry and the trade sector, between industry and commerce, between industry and agriculture, between production and scientific research. Aside from general economic cooperation between localities, departments, or enterprises, there is also association between regions or enterprises. The development of lateral economic association causes the old management-system setup to be superseded and helps end the segregation between sectors and between localities, the seclusion of departments, the separation of cities from the countryside, the divorce between production and scientific research, and the isolation of defense industry from civil enterprises. This causes China's management system to change over from vertical, closed, administrative management to open-type management whereby vertical and horizontal links are integrated, with horizontal association being predominant. This change is of far-reaching significance to the formation of a socialist management system with Chinese characteristics and the promotion of the prosperity of our national economy.

II

The current development of lateral economic association has the following few characteristics:

First, it transcends the limitation of administrative regions and departments; association and cooperation between regions has been developing very quickly. With the development of the economy and the progress of the economic system reform, a number of regional economic association and cooperation networks of various sizes and with different characteristics have been established under the condition of voluntary action, equality, and mutual benefit and in the light of economic links naturally formed in the past or based on geographical location. They can relatively satisfactorily mobilize the enthusiasm of various provinces and municipalities and are advantageous to the development of their own economic strong points, the development of local resources, and the improvement of economic structure and distribution. For example, in the three northeastern provinces of Liaoning, Jilin, and Heilongjiang, the focus of cooperation is the development of communications, energy resources, and materials and raw materials; cooperation is undertaken in the supply of materials and raw materials like coal, cement, steel products, timber, glass, and so on; through cooperation, 32 main highways are open for interprovincial through transport; and initial negotiations are being conducted for the building of wharves at Dalian and Dandong and the opening of sea routes. Over the past year, in the five southwestern localities--Sichuan, Yunnan, Guizhou, Guangxi Zhuang Autonomous Region, and Chongqing--by various methods like conferences on open-type and loose economic coordination, 2,163 economic and technological cooperation projects have been successfully negotiated, and some projects which had for many years been considered desirable but which were too difficult for a single locality to undertake have been made possible, such as the building of roads beginning in one province and terminating in another, the joint effort of Sichuan and Yunnan in excavating minerals and utilizing water resources along the lower reaches of the Jinsha Jiang, and so on.

Second, various forms of economic association groups are being developed, with urban system reform as the focus. There are three main categories:

The first category is urban economic combines. Exploiting their own strong points, some cities extensively launch cooperation in aspects like economy, technology, qualified personnel, funds, resources, attracting foreign capital, exporting products, and so on, and thus joint prosperity and development are promoted. For example, cities having the Chang Jiang as their axis, like Nanjiang, Zhenjiang, Yangzhou, Nantong, and so on, and those having the Shanghai-Nanjiang Railway as their axis, like Suzhou, Wuxi, Changzhou, and so on, have set up band-like urban combines through lateral economic association. Changsha, Xiangtan, Zhuzhou, and so on have also formed lateral economic combines.

The second category is urban-rural economic association groups. They mainly have cities as their centers and key areas and forming lateral economic association networks. Appearing in large numbers in large and medium-sized cities

all over China, they are developing quickly, powerfully enhancing the coordinated development of urban and rural economies, and promoting the readjustment of the rural industrial structure. Take Wuhan as an example: 557 economic combines of various types had been established by the end of last year by urban enterprises and suburban counties, and the production of 322 categories of products has extended to the suburban counties, involving an output value of 220 million yuan. The development of unification of the urban and rural economies has thus quickened. This form of association has also taken shape in large numbers in cities like Changzhou, Shijiazhuang, and so on.

The third category is economic association groups comprising enterprises. This kind of association takes an even larger variety of forms. Association may be close or loose, and may involve production of goods or services. There is association in production involving an organized chain whose "head" is a superior-quality famous brand of product, association for branching out the production of spare and component parts through inviting and submitting tenders, association between production enterprises, scientific research institutions, and colleges and universities, association for dealing in and marketing products, and so on. The economic association groups have also extensively launched economic and technological exchange and cooperation with foreign countries and the Hong Kong and Macao area.

Third, technological cooperation is an important part of economic cooperation. Technological cooperation is a very wide arena, its scope covers a rich variety of things, it takes many varied and flexible forms, it involves small investments, and it yields quick results. Currently, technological cooperation projects account for 60 percent of all economic and technological cooperation projects. The forms of cooperation include transfer of fruits of technological research, providing "a complete chain" of technological transformation services, comprehensive utilization and development, professional advice on large-scale projects and on policies concerning developmental work, supplying technological service teams, training and exchange of qualified personnel, and so on. This cooperation promotes the integration of production with scientific research, enables the fruits of scientific and technological research to be quickly transformed into productive forces, and plays an even more significant role in powerfully promoting the raising of the technological standard of regions which are not well developed economically and technologically.

Fourth, new development has been achieved in giving economic and technological support to counterparts in old regions, minority nationalities regions, border regions, and poverty-stricken regions. This support of counterparts is an important task assigned by the central government to the economically developed provinces and municipalities and is of far-reaching significance to strengthening border defense and national unity. Marked success has been achieved by the provinces and municipalities charged with providing this support. Nine provinces and municipalities, namely, Jiangsu, Tianjin, Shanghai, Zhejiang, Fujian, Sichuan, Beijing, Shandong, and Guangdong, in conjunction with relevant departments under the State Council, have undertaken 43 projects to support construction in Xizang. Working under

very difficult conditions, they have fulfilled their assignments on schedule, attaining good standards in regard to quality and quantity. They have been commended by the central government and various other quarters. The counter-part support provided by Shanghai to Yunnan, by Jiangsu to Guangxi, and by Shandong, Liaoning, and Hubei to Qinghai includes teaching of technology, training of qualified personnel, and raising of scientific and technological standards; this positively helps the receiving areas to achieve economic and technological development and shake off poverty and backwardness.

Fifth, major advances have been achieved in combining military and civil industries. Lateral economic association helps remove the barrier between military industries and civil enterprises. The military industry sector is vigorously developing products for civil use and pushing forward the integration of enterprises at the first and third fronts. Within 6 months of the first national trade fair held in March 1985 to market products for civil use produced by the military industry, over 20,000 projects involving the transfer of military industrial technology to civil use were successfully negotiated by various national defense industrial departments and the enterprises under them, with the value of transactions totaling over 700 million yuan. The total value of products produced by the military industrial enterprises for civil use reached 5.5 billion yuan, a growth of 67 percent over 1984. Thus, the integration of the military and civil sectors can greatly promote national economic development because each can rely on the strong points of the other to remedy its own weak points.

Sixth, many organizations of various types integrating production and scientific research have appeared. These integrated organizations have appeared only in recent years and are developing from an elementary to an advanced stage. Currently, in many localities, there is a trend of development from single-project technological cooperation to developmental work or contracting for project completion involving complete sets of technology, from bilateral technological cooperation to multilateral comprehensive technological development involving many industries or localities, from joint developmental work to joint creation of new industries, and from domestic joint effort in tackling technological problems to joint development of export by the research, industrial, and trade sectors. According to incomplete statistics, nearly 10,000 organizations of various types integrating production and scientific research have been formed in China. This form of association will greatly promote China's scientific and technological progress.

III

Promoting and developing lateral economic association is an important part of the current economic management system reform. In order to further enhance understanding ideologically and to vigorously open up a new situation in actual work, we must pay attention to several questions:

1. We must fully understand that developing lateral economic association is an inevitable trend of development of China's economy. The "Resolution of the CPC Central Committee on Reform of the Economic System" states: "An adequate development of the commodity economy is an unavoidable stage of socioeconomic

development and is a necessary condition for China's economic modernization." Lateral economic association can help and the segregation between sectors and between localities, help remove barriers between localities, help mobilize the enthusiasm of various quarters, and help promote the production of commodities. It can also take many forms, increase the exchange of commodities, and pave a new way for developing the commodity economy. Developing lateral economic association is conducive to the readjustment of the industrial structure, the rational use of production factors, and the achievement of socialized large-scale production.

2. We must develop and support many different forms of lateral economic association. China has a vast territory and a great deal of resources, but it is backward economically and technologically, with great imbalance in the development of various localities. The coastal regions are relatively advanced economically and technologically and have a fairly good foundation and strength; the vast northwestern regions are relatively backward but have great potentials for economic development. Moreover, discrepancies also exist within a single locality or sector. Lateral economic association aims to develop the strong points of each entity concerned, to circumvent weak points, to enable the entities concerned to complement each other and to achieve joint development. Therefore, the form of association must not be limited to a single mode. There must be many different forms, so that various possible factors can be mobilized and the economy can be invigorated.

3. The principle of equality, voluntary action, and mutual benefit must be adhered to. Lateral economic association could not successfully develop in the past mainly because: First, the interests of the producers of commodities were not respected and cooperation often amounted to egalitarian transfer or gratuitous provision of resources; second, the irrational pricing system led to inequality in reward and inability to mobilize the enthusiasm of various parties concerned; third, administrative measures were used to mechanically and inappropriately piece together productive resources; and fourth, requisite laws and regulations governing economic association were lacking, so that the enforcement of agreements in association could not be ensured. Therefore, in establishing lateral economic association, while we must advocate the communist spirit and must not be calculating, we must also adhere to the principle of voluntary action and mutual benefit, and respect the economic interests of various parties undertaking cooperation, so that everyone can gain. Only thus can a steady and long-term cooperative relationship be established.

4. Improving economic results must be the focus. In developing lateral economic association, we must adhere to the unity of microeconomic results and macroeconomic results, of short-term results and long-term results. When microeconomic or short-term results conflict with macroeconomic or long-term results, we should consciously subordinate the former to the latter. Conflicts between microeconomic and macroeconomic results may arise because the relations between prices, taxation, the fiscal system and so on in China's actual economic work have not been straightened out and some measures in our economic system reform unavoidably cannot be flawlessly worked out. This makes it more important to pay attention to consciously

integrating lateral economic association projects with national or local short-term and long-term planning, and to subjecting them to the guidance of state planning, so as to avoid economic losses and waste.

To achieve unity of microeconomic and macroeconomic results, we must promote scientific and technological progress, promote economic structure readjustment and the rationalization of geographical distribution, and focus our attention on upgrading product quality, developing new products, developing export products capable of earning foreign exchange, developing high-quality famous brands of products, developing the production of energy resources, materials, and raw materials, and developing communications and transport, and so on. We must launch association, with the weak links of our national economy as our focus of attention; and the state and various parties concerned must provide the necessary support.

5. We must formulate and perfect policies and methods related to the development of lateral economic association. The existing economic policies are incompatible with the development of lateral economic association, something new which has developed only in the last few years; and some policies even fetter its development. Therefore, in the light of the characteristics of, and requirements for lateral economic association, requisite policies and methods must be formulated and perfected under overall state planning in order to support and promote its development. For example, some preferential policies regarding fiscal revenue, taxation, remuneration for, and training of personnel, and so on, must be formulated in order to create conditions conducive to its development.

/6091

CSO: 4004/57

ON RURAL ECONOMIC ASSOCIATION

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 11-15

[Article by Zhou Yueli [0719 2574 4409]]

[Text] Recently, new rural economic combines have proliferated, arousing widespread attention. Some comrades fear they might undermine the flourishing of the household contractual system; others fear a possible return to the old system; the majority of comrades are cautious and propose to wait and see; and a minority of comrades think that a new high tide of rural cooperation has appeared and the method of operation by individual households is no longer compatible with the development of the productive forces. Divergence in viewing economic association is something normal. Below are my personal views.

I

In general, various categories of rural economic combines have appeared later than the household contractual system. In Anhui, economic combines, relatively complete in form, appeared in 1980 and have been developing very quickly over the past 1 or 2 years. According to standard statistics conforming to state regulations, there were 23,558 economic combines of various types at the end of 1984 employing 175,000 people and having fixed assets originally worth 133 million yuan, and their total income for the year was 270 million yuan. A breakdown according to occupation is: crop growing, 1.8 percent; forestry, 1.4 percent; animal husbandry, 3.4 percent; fishery, 12.3 percent; industry, 41.5 percent; transportation, 15.3 percent; building and construction, 6.7 percent; commerce, catering, and service trades, 9.2 percent; and other occupations, 8.4 percent.

Available information reveals that the combines are developing rather quickly. Considering the trend of development, the more well developed the commodity economy, the stronger is the tendency for forming combines. Geographically speaking, the nearer a locality is to some large city, the quicker the development. Judging from occupational structure, industrial combines are most numerous.

The form and scope of household production and operation activities differ under different historical conditions. In a natural economy, these

activities are usually integrated with small-scale farming, their typical form being the integration of farming with weaving. After China entered the epoch of socialism, household operation activities should have greatly developed; however, "leftist" policies misled people into thinking that household operation was an absolute opposite to collectivization, so that it did not develop as it should; instead, it was treated as an "appendage of capitalism" and eradicated, so that even today, whenever people hear about cooperation or forming combines, they will be apt to associate it with the "cooperative movement" of the past. Actually, many of those peasants who take the lead to form combines in the countryside, being victims of the "large, collectivized communes" and being personally involved in rural transformation, passionately cherish the household operation of their own creation. Nevertheless, the grim realities of economic life often land them in a situation of "finding it difficult to achieve anything without support, like being unable to clap with one hand"; even big specialist households often fail to overcome the limitations of household operation. Therefore, it cannot be indiscriminately said that peasants object to cooperation. They merely object to that kind of "cooperative movement" marked by using administrative decrees to make people rush headlong into mass action, organizing operation by "sending swarms of people to work," effecting distribution by letting people "eat from the same big pot," and striving for false reputation without caring about actual results. As to the new combines of today marked by voluntary action, mutual benefit, free association, free entry and exit, and genuinely democratic management, not only do peasants endorse them, but they try all means to create opportunities for forming them. Once a combine is formed, there will be perfect trust and mutual understanding between members, each of whom developing his own creativity and expertise.

The existence of any form of economy must be bound to certain socioeconomic conditions. Since the founding of the PRC, despite the roundabout course we had taken, China's countryside has achieved brilliant success. The composition of production factors has markedly changed. Prolonged exposure to comparison has enabled the peasants to realize that traditional technology is far inferior to the power of modern science and that with the development of modern communications, transport, and telecommunications facilities, people's social contacts and the realm of economic activities are increasingly more extensive. All this social and economic progress of historical significance has unavoidably affected the household as the most basic cell of the economy. Therefore, any attempt to persuade the peasants to sever their links with modern industry, science, and civilization and to return to the age of small-scale farming and self-sufficiency will surely be futile. Today, peasants in China have realized that the closer their relationship with modern economic life, the broader the prospects of household operation, and that association is an important way of strengthening this relationship.

II

Economic combines embody a reorganization of production factors. Therefore, their birth and development depend on a precondition, namely, changes in the condition of the production factors.

Changes in rural production factors begin with a change in labor, a basic factor; and the appearance of a large quantity of surplus labor is a basic characteristic of this change. According to surveys conducted in 1984, Anhui had a surplus labor force of nearly 9 million people; moreover, the majority of peasants engaged in agricultural work had considerable surplus working time. The first reason for this economic phenomenon is that with the institution of the responsibility system the amount of grain and major industrial crops sold as commodities had doubled; and between 1979 and 1983 the per capita increase in total value of agricultural output equalled the total increase for the preceding 20 years. The second reason is a change in material factors. From 1978 to 1983, the numbers of agricultural vehicles, small tractors, and large and medium-sized tractors increased by 268 percent, 114 percent, and 14 percent respectively. The use of electricity and chemicals and the planting of improved varieties of crops had also considerably increased. An increased proportion of machinery used in agriculture can undoubtedly promote the development of agricultural productive forces and an increase in surplus labor. China's basic characteristic is its large population and scarce arable land. Actually, there was an oversupply of rural labor in the past, but this was concealed by the method of production whereby "swarms of people were used in work." With the institution of the responsibility system in production, the latent surplus labor has begun to be revealed in various ways.

The only way out for surplus rural labor can be either a flow to the cities to supply human resources for large-scale industries or local assimilation by means of opening up new occupations. For a large country like ours with plentiful human resources, only the latter method can be chosen. That is, the overwhelming majority of our rural population must find jobs in the countryside. This is both the starting point and the final goal in our study of any rural changes.

Another change in the rural production equation is the appearance of a large amount of surplus funds. In 1983, the per capita annual income for the countryside of Anhui was 287.6 yuan; the necessary consumption in production and the normal daily life consumption having been deducted, the per capita surplus funds for the countryside amounted to about 34 yuan; thus, for the province as a whole, the surplus funds available for use exceeded 1.5 billion yuan. The main outlets for the peasants' surplus funds are: savings deposits, personal loans, holding money for future purchases, and pooling funds to set up enterprises. Considering profitability, risk, and the factor of habit, peasants prefer the pooling of funds to set up enterprises because the return is higher than the interest earned from savings and the risk is smaller than that of loaning money; and as to holding money for future purchases, reliability is enjoyed at the expense of stability because price changes will affect actual purchasing power.

Above is a dynamic analysis of the basic rural production factors. There is no major divergence of views on this kind of analysis. The crucial question is what method is most advantageous to the symbiotic integration of various production factors, and hence to the perfecting and development of the household contractual system, and to the building of socialism with

Chinese characteristics in the countryside. There is much divergence on this question.

Some hold that China's countryside must take the path of: household operation-formation of specialist households-formation of big specialist households; others advocate household operation plus socialized services as the model of development for China's countryside; yet others propose that the development of the rural commodity economy should rely on enterprises in towns and in the countryside as the motive power for leading peasants to joint prosperity; and there may also be some other ideas. This article will not, and in fact need not, separately scrutinize each of those ideas. It will only provide some necessary appraisal relevant to the title.

The specialist household, like the household contractual system, has emerged as the times require in accordance with the objective laws of economic development and the peasants' demands. It is a product of the commodity economy. Practice has demonstrated that the birth and development of the specialist household do play a decisive role in eliminating the influence of small-scale production and promoting the overall progress of the rural economy and society. However, can we thus conceive the specialist household as representing the only path of China's rural development? Obviously not, because this would imply that we have only two options--we must either turn all households into specialist households, or have the majority of households attached to a minority of big households. Both options are impracticable, with the former more so than the latter. The latter has some chance of success, but is incompatible with the requirements for the functioning of the socialist macroeconomy. As explained earlier, today's peasant households do not have the tendency of serving as an appendage as those in the age of small-scale farming inherently had. Even if they want to serve as an appendage, their only choice is to be attached to socialist public ownership which is closely connected with large-scale industries.

The second idea of household farms plus a complete system of social services is practicable for some developed countries but not so for China if practiced on a full scale. Ignoring the social system and considering only the condition of combination of production factors, its practicability calls for compatibility, in regard to the technological condition and level of development, between the macroeconomic service system and the microeconomic operation activities. In the United States, socialized services to agriculture are well developed. This is not only due to the overall level of economic development, but two other major characteristics are relevant: First, the consumers of services comprise more than 2 million household farms and the average land area owned by a farm is 2,300 mu; and second, the service system mainly comprises two parts: the state sector and the cooperatives. From this fact we learn two things: First, the emergence and development of socialized services in China's countryside relies on the development and strengthening of combines established on the basis of household operation; and second, China's rural services system must include service combines of various forms and sizes.

The third idea undoubtedly points out an important path to rural economic development. Actually, many existing combines have joined the ranks of enterprises in towns and the countryside. However, we must not thus infer that enterprises in towns and the countryside alone can represent China's overall rural development. Judging from relations of subordination, these enterprises belong to the rural economy; but they function differently from the rural economy, and it is theoretically incorrect to include the rural economy in the category of enterprises in towns and the countryside.

We still cannot say at present that we already have a complete model of reform for China's countryside. However, the experience of practice can at least reveal the following general picture:

Amid competition, many forms of economy coexist, are consolidated, and develop;

There is an increasing variety of ways of operation based on household operation, with the joint-stock cooperative economy becoming dominant;

Agriculture in the narrow sense is giving way to agriculture in the broad sense, and in the countryside, division of labor and specialization in occupation will tend to be synchronous with the development of socialism;

Horizontal economic association crossing various localities will continue to grow, and between various categories of economic organizations exchange relations marked by voluntary action, mutual benefit, and equality will be established under legal protection;

Exercising effective indirect control will be the management departments' main function, and guidance planning will replace directive planning in playing a leading role;

Market towns in the countryside will become increasingly more important on the basis of development of enterprises in towns and the countryside, and will gradually become the centers of their districts;

New relations between urban and rural areas will lead to the interlocking development of the cities, agriculture, and rural industries; tertiary industries will extend from urban areas to rural areas and also in the opposite direction amid exchanges between urban and rural areas; and the coordinated development of urban and rural areas will lead all people to joint prosperity.

III

Above is a study of the macroeconomic aspect of the socioeconomic conditions governing the existence and development of combines. Below is mainly a continuing study of the microeconomic aspect of the basic propelling factors affecting the existence and development of combines.

The numerous emerging new economic combines can be classified according to location into those set up by local villages or local rural areas and those extending across a number of rural areas, counties, or provinces. They can be classified according to the level of operation into those formed between individual households and those formed between peasant households and collective or state-run units. They can be classified according to time into perennial, seasonal, and temporary combines. They can be classified according to the process of production into combines undertaking one or more stages of production, combines engaged in one or more links of production, network-like combines characterized by one or two individuals or units providing certain categories of services or support to many peasant households, and combines formed between producers which involve relatively close ties in work and distribution. Among various types of combines, there are at present several main categories which are relatively stable, are on a fairly large scale, and yield relatively good results; they are as follows: Combines which are formed by a considerable number of peasant households to undertake a complete production process and which have relatively perfect systems; regional or transregional combines which extensively link together peasant households in order to launch specialized production; combines which undertake the complete chain of production, supply, and marketing and which coordinate the efforts of specialist households with those of combines formed between rural districts and villages; combines which are formed mainly through joint-stock association between peasant households and which carry out joint operation with various economic sectors; peasant-household combines undertaking processing of spare and component parts on behalf of state enterprises; combines undertaking specialized production and formed between peasant households and enterprises operated by rural districts or villages; combines formed between peasant households and urban enterprises to develop and utilize resources; and combines jointly established by a number of peasant households to provide productive services to many kinds of consumers of services.

Combines are of all sizes and forms, but they have the following things in common regarding operation and management: 1) They do not interfere with or affect household operation and do not undermine the property rights of their members; 2) they practice independent accounting, independent distribution, and assuming of sole responsibility for profits or losses; 3) each household voluntarily integrates with others and can freely join or withdraw from a combine, without any coercion; 4) all members of a combine have equal rights and obligations and enjoy equality in working, with remuneration varying directly with work done; 5) management is democratic, all accounts are made public, no one is at an economic disadvantage relative to others, and no household need have any worries; 6) management is flexible, and each household can flexibly participate in various economic activities, developing its own strong points and circumventing its weak points; 7) there are crack management personnel and few levels of management; 8) decisionmaking is quick and centralized; very often, an important decision is made over one meal's time; and it is difficult to find marathon meetings or endless kicking of balls in the combines; 9) owing to the existence of competition, all combines must select the most capable people to fill leadership posts, and the ordinary members must also improve in technical quality and develop deeper

market sense; 10) because people earn money by their own skills and effort, unhealthy tendencies cannot get a foothold.

The majority of the existing combines embody the joint-stock type of association. Various households undertake joint operation by contributing labor, technology, or funds. Generally, some "capable people" whom the masses trust are in charge. Distribution mainly depends on work done, with distribution of dividends according to shares as a complement. It can be said that this is currently the typical form of the rural combine in China. These combines may become a basic structure on which more extensive association can be established in the future.

Economic result is a matter of survival or extinction for the combines. Practice has demonstrated that the economic results achieved by the majority of combines surpass those of household operation and are considerably better than those of ordinary specialist households. According to 1984 statistics for Anhui, the average income of a worker of a combine was 1,548.9 yuan, 7.5 percent higher than that of a specialist household and 76.5 percent higher than the provincial average. The input-output ratio was 1:4.76 for the combines, 1:3.06 for household operation (including specialist households' operation), and 1:1.47 for enterprises operated by villages.

Currently, the scale of combines is continuously expanding. The trends of development are: First, combines of the same industry are undergoing repeated merging; second, communities of combines in the form of bases are continuously multiplying; third, some well operated combines are changing over from single-occupation operation to comprehensive operation; fourth, labor intensive combines are changing into technology intensive ones; and fifth, organizational structure is going from loose to compact. These trends of development largely result from fulfillment of the objective requirements of the commodity economy. However, this does not mean that whatever the conditions, a larger scale must be better. In this regard we must remain sober.

Examining China's rural changes from the viewpoint of economies of scale can help us understand the following several points:

First, the development from the household contractual system to the economic combines fulfills the objective requirement for the production of commodities. Impeding this development will surely cause deterioration of the productive forces.

Second, household operation and joint operation are two different forms of development of rural productive forces corresponding to two different stages. If the specialist household is said to represent a magnification of the intension of household operation, then the combine is a natural growth of its extension; neither of them departs from or undermines household operation which is their basis.

Third, in the realm of agricultural production, judging from the natural process, household operation exhibits relatively strong adaptability and

thus will permanently exist, while judging from the economic process, existing household operation is too small in scale and too fragmentary, so that it should gradually grow in scale. The combine is perhaps the best form of operation which unifies the natural and economic processes.

Fourth, the development from the household contractual system to the economic combine is a process of reorganization of the rural productive force. Some organizations are not very rational from the beginning and must be reorganized; some others are rational at the beginning but must give way to new ones with the expansion of the scale of operation.

Fifth, owing to imbalance in production factors, different localities have combines differing in scale; and even in the same locality, combines differing in scale will appear under different conditions. Therefore, different guidance must be elaborately given to different categories of combines.

IV

Some questions of policy and understanding must be resolved so that economic combines can continue to be consolidated, developed, perfected, and upgraded.

Leading cadres at various levels and the vast numbers of cadres must have unified thinking and correct knowledge. At present, though the majority of comrades do enthusiastically support economic association, a minority of comrades are indifferent or even opposed to it, because they misinterpret the new mode of association as tantamount to the collectivization model of the past, thinking that it is a move toward "large-scale operation, a high degree of public ownership, egalitarianism, poverty." Some comrades complain about its small scale and the low level of accumulation involved, thinking they are not significantly different from household operation, and so pay no heed to it. Some other comrades are partial to enterprises operated by rural districts or villages, thinking that they alone can constitute a genuine collective economy; and when economic combines are satisfactorily established, they fear that they will displace enterprises operated by rural districts or villages, and they always want to take them over or wipe them out. It should be noted that combines are part of the cooperative economy and will inevitably appear when the system of responsibility in production attains a certain stage of development. We should highly value and protect them, help them overcome difficulties, and promote their vigorous growth. In the past, the method of highly centralized operation through collectivization and establishment of communes had defects, and it was wrong to negate household operation. Now encouraging peasants to practice the new mode of association aims to remedy and overcome the limitations of household operation in the production of commodities, and not to abolish household operation. Our party and government give equal treatment to household contractual operation, specialist households, big specialist households, and individual industrial or commercial households. They are all given protection if they work according to the law and state policies.

We must uphold the principle of suiting measures to local conditions and respecting the aspirations of the masses. We must be full of enthusiasm and

vigorously provide guidance, and also work cautiously and pay attention to the method of work. We must prevent rash advances, and must never "whip up storms," set targets, assign tasks, practice sweeping categorization of things like "cutting something into two clear-cut halves," or coercively piece things together. The peasants must completely decide for themselves whether to undertake association or not, how and when to undertake association, what occupations to choose for operation, and what scale of operation is desirable. It is necessary to cultivate typical examples, to review and popularize good experiences, and to induce more peasants to undertake association; however, we must not give blind direction.

We must conscientiously help the combines do a good job of operation and management. The standard of operation and management is of decisive importance to the development of the combines. In this regard, several major things should be satisfactorily grasped: Various regulations and systems, like the responsibility, accounting, and auditing systems, must be instituted and perfected, and attention must be paid to efficacy and practicability; management must be fully democratic, and all important matters related to production or operation must be democratically discussed and resolved upon by all combine members; the principle of distribution according to work done must be satisfactorily implemented, remuneration must vary directly with work done, and in principle dividends on share must be less than income distributed according to work done so that the enthusiasm in production of all combine members can be enhanced; and the relation between accumulation and consumption must be satisfactorily handled, and appropriate withdrawals from public accumulation funds for expanded reproduction or communal welfare undertakings should be made after discussion and approval by all members if existing conditions warrant withdrawals from public accumulation funds or public welfare funds. Preferential treatment prescribed by policies must be given to the combines and satisfactory services must be conscientiously provided.

/6091

CSO: 4004/57

STRENGTHEN THE PARTY'S IDEOLOGICAL AND POLITICAL WORK IN THE NEW PERIOD

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 16-19

[Article by Li Ximing [2621 6932 6900]]

[Text] Our country's socialist modernization construction is now in a new period characterized by opening up to the world, invigorating the domestic economy, carrying out an overall reform of the urban and rural economic structures, and greatly developing the socialist commodity economy. The former overcentralized and excessively rigid economic structure which did not conform with the needs of the development of the social productive forces is being replaced by a new vigorous economic structure with Chinese characteristics. However, along with further development of the reform of the economic structure, some new situations and new questions have emerged. The replacement of the old economic operational mechanism by the new economic operational mechanism has produced some new contradictions and uncoordinated phenomena. The great changes in the economic and political fields will unavoidably cause great changes in people's ideologies and concepts and cause various kinds of contradictions and conflicts in people's ideologies so that people will probably fail to ideologically adapt themselves to the new situation in varying degrees. Under such new circumstances, we must strengthen the party's ideological and political work so that while building a high degree of material civilization, we will be able to build a high degree of socialist spiritual civilization, form a civilized, healthy and scientific life style which conforms with the development of the modernization drive and social progress, develop an energetic, progressive and enterprising spirit, further consolidate the broad masses of the people's belief in communism, stick to the reform, actively throw ourselves into the building of the four modernizations and build up a large contingent with lofty ideals, moral integrity, cultural accomplishments and discipline so as to ensure the smooth progress of our socialist cause.

We must greatly strengthen our ideological and political work in light of the new characteristics of the ideological and political fields in the new situation. Our ideological and political education must particularly aim at the following aspects:

1. To Stick to Education on the Lofty Ideals of Communism While Implementing the Principle of the Socialist Material Interests

Material interests are the basic driving force of the social life of mankind. The reason that the proletariat and the working people carry out revolutionary struggles is also, in the final analysis, to seek their own material interests. Under the socialist system, it is natural that the people and masses are concerned about their own interests and hope to improve their living standard day by day. This is also a manifestation of the superiority of the socialist system. One of the main duties of the party and government is to show concern for and organize people's life, and actively create conditions to continuously improve people's material and cultural life. However, some people lack a correct understanding of the principle of the socialist material interests and lump together the principle of the socialist material interests and the extremely bourgeois and individualistic ideology of "putting money before all else." In order to seek personal interests, they unscrupulously harm the state and the collectives and even violate the law and discipline. In light of this situation, the task of ideological and political work is to correctly publicize the principle of the socialist material interests, make clear the relationship between the principle of the socialist material interests and the lofty ideals of communism and guide the people to make headway in the correct direction.

The principle of socialist material interests is the reflection of the socialist system itself and the basic starting point for the socialist countries to formulate their general and specific policies. In implementing the principle of the socialist material interests, we must naturally link the result of the work of the working people and the performance of all the economic organizations with their material interests so as to establish a socialist economy on the basis of concern for material interests. However, the socialist material interests consist of a number of aspects and are a structure which combines the interests of various aspects, including the interests of the state, the collectives and the individuals, the narrow and local interests and the interests of the whole, and the present interests and long-term interests. All these interests should combine with one another and give consideration to one another under the basic principle of socialism. Giving a one-sided emphasis to one aspect and ignoring another aspect does not mean the principle of the socialist material interests have been correctly implemented. Only by linking together the individual interests, the collective interests and the state interests, subordinating the individual interests to the collective and state interests, subordinating the local interests and the present interests to the interests of the whole and the long-term interests can the personal interests of the people and the masses be guaranteed. The act of satisfying personal interests by harming the state and collective interests runs contrary to the principle of the socialist material interests, and therefore cannot help to maintain the personal interests for long.

The implementation of the principle of socialist material interests conforms with the objective of the proletariat--the cause of communism. Since communism is characterized by a high degree of the development of production and a great improvement of people's material life and cultural life,

implementing the principle of the socialist material interests and promoting the development of the socialist society actually create conditions for realizing communism in the future. However, the communist system is the highest stage of social development so that distribution according to need is implemented in the communist society whereas the principle of the socialist material interests can only be embodied by distribution according to work. The two are different from each other. Therefore, we cannot expect that the implementation of the principle of the socialist material interests will naturally enable the people to foster communist ideals. Communist ideals can only be fostered through revolutionary practice and the teaching of revolutionary theories. At present, on the one hand, we must resolutely implement the principle of the socialist material interests, stick to distribution according to labor and adhere to various other socialist systems so as to bring into full play the socialist enthusiasm of the people and masses, and on the other hand, we must carry out the education on the lofty ideals of communism among the people and masses, especially among the party members and young people and lead the people to foster a firm communist belief and a devoted spirit. Otherwise, people's mind will sink into one-sidedness and people will become narrow-minded and will only know how to seek their personal material interests. Once people lose their ideals and the objective of their struggles, they will lose their spiritual driving force and fighting will and will be unable to resist the corrosive influence of various kinds of decadent factors, and finally, our cause will probably depart from the correct socialist orientation.

We must organically link sticking to the principle of the socialist material interests with sticking to the lofty ideals of communism through strengthening our ideological and political work so as to enable the two to promote each other and complement each other. To show concern for the well-being of the masses and enable the masses to obtain material interests are the necessary prerequisite for carrying out the education on the communist ideals among the masses; and only by carrying out education on the communist ideals can we correctly implement the principle of the socialist material interests and can our cause of building the socialist modernization progress healthily and smoothly.

2. To Stick to Education on the Fundamental Aim of Serving the People Wholeheartedly While Implementing the Principle of Exchange of Equal Values

The principle of exchange of equal values is the principle which the commodity economy must abide by. Over the past few years, along with the development of our socialist commodity economy, the role of the principle of exchange of equal values in the urban and rural economies has been gradually strengthened. Under the influence of the capitalist ideology and because of the lack of the ideological and political work, the ideology of "putting money before all else" has developed in some people's mind. Some people have arbitrarily expanded the role of the principle of exchange of equal values and applied the principle of exchange of equal values in areas other than commodity exchange. As a result, such practices emerge as "no money, no work," "work according to the amount of money," and even the recruitment of party members and the promotion of cadres as a condition

in exchange for accomplishing a certain task, and so on. The reason for the emergence of these erroneous ideologies and this behavior is because these people have failed to distinguish the socialist commodity economy from the capitalist commodity economy and have violated the aim of serving the people wholeheartedly.

It should be pointed out with emphasis that the principle which we must abide by in our political life and the life within the party is fundamentally different from the principle of exchange of equal values. Our party is the vanguard of the proletariat so the ideologies and actions of all Communist Party members must stick to the principle of the proletarian party spirit. When dealing with the relationship between the individual and the cause, the communists must selflessly devote themselves to the communist cause, including their own lives. When dealing with the relationship between the individual and the party, the communists must place the interests of the party above anything else and unconditionally subordinate their personal interests to those of the party and the people. When dealing with the relationship between individuals, the communists must be the first to bear hardships and the last to enjoy comforts, and give first considerations to others and think about themselves later. The leading role of the Communist Party's leading organs at various levels is embodied in serving the grass-roots level and serving the people. The relationship between the cadres and the people and between the leaders and the masses is the relationship between the public servants of the society and the masters of the country and the relationship between to serve and to be served. This relationship must not become the relationship of exchange of equal values. The communists view serving the people wholeheartedly as the loftiest spiritual realm and the greatest value. The hard work done and the sacrifices made by the communists can never be calculated and compensated by the principle of exchange of equal values. In the past, the communists led the people to achieve the victory of the revolutionary cause and the victory of the construction cause by sticking to the fundamental aim of serving the people wholeheartedly. In the new historical period, the communists should continue to stick to this fundamental aim so as to push forward with the reform and the development of the cause of the four modernizations. While vigorously developing the commodity economy, we must point out the harm caused by the possible intrusion of the principle of exchange of value as applied in economic life, into political life and life within the party among the broad masses of party members, people and masses. Thus we can enable them to often keep sober-minded, increase their consciousness and reduce their blindness, always stick to the communist orientation, ensure the smooth progress of the reform of the economic structure and the healthy development of the socialist commodity economy.

3. To Stick to the Education on the Fine Tradition of Hard Struggle While Gradually Improving and Raising the Living Standard of the People

Over the past few years, along with the development of our country's economy, our country's national income has shown a continued increase and our people's living standard has been greatly improved. In 1985, the consumption standard of the residents in the urban and rural areas of Beijing

increased by 67 percent or increased by 32 percent if the price hikes are factored in. It is obvious to all that the lives of all people have become better and better on the basis of the development of production. The improvement of the people's living standard has greatly aroused the enthusiasm of the broad masses of the people in building socialism. Without such enthusiasm, the success of the modernization cause would be impossible. However, we should also see that some people are not dedicating themselves to the building of the four modernizations of the country, but instead, driven by their desire to seek personal material enjoyment, and ignorant of the actual conditions, these people are demanding high salaries and a high standard of consumption. They are not industrious and frugal and do not keep expenditures within the limits of income, but on the contrary, they indulge themselves in eating and drinking extravagantly and spending money and squandering without restraint. Some people even commit crimes in order to seek the decadent life of luxury and dissipation. These situations have shown that we must not relax our education on the fine tradition of hard struggle while gradually raising the living standard of the people.

The improvement of the people's living standard must be based on the development of the productive forces and the increase of materials and wealth. This is an objective law independent of man's subjective will. To seek and cherish illusions about the raising of the consumption standard regardless of the level of the development of the productive forces is just water without a source and a tree without a root and will never succeed. If we blindly stimulate consumption regardless of the present economic conditions, we will probably artificially destroy the balance between the total social demand and the total social supply and destroy the benign circle of the national economy. At present, some units adopt incorrect methods to raise the workers' salaries and distribute the production funds as bonuses. Some mismanaged and loss-making enterprises even distribute more bonuses, allowances and subsidies to the workers than those well-managed and profit-making enterprises. The continuation of this situation will be detrimental to the country's accumulation [as published], the cause of the four modernizations, the reform and the gradual improvement of the people's livelihood.

Our country began to build socialism on a semifeudal and semicolonial basis so our foundation is poor and weak. And because of the long-time interference of the "leftist" ideology, the development of our country's productive forces has been affected. So, at present, compared with the advanced countries, our country is still very backward. Although the reform of the economic structure carried out in the urban and rural areas over the past few years has enabled some areas and some people to become rich, as far as the whole country is concerned, the rich areas and rich people are only a minority, and the people in some areas of our country still do not even have enough food to eat and clothes to wear. The life of the people of the whole country is still one of low salaries and a low standard of consumption. To enable all the people of a poor country with a large area and a big population like ours to become rich will naturally require a long process, a process of hard struggle. To be overanxious for quick results will inevitably cause faults in our work; to adopt a wait-and-see attitude cannot cast away the backwardness. Just like what Comrade Deng Xiaoping has

pointed out: "We must work hard and with a pioneering spirit if we are to achieve the four modernizations. The fact that China is poor, has weak economic foundations and is backward in education, science and culture means that we have to go through a hard struggle." ("Selected Works of Deng Xiaoping," p 221)

To carry out hard struggles and all causes industriously and thriftily is our fine tradition formed in our long-time revolution and construction. We must not cast away this fine tradition at any time. Even in the future when our life becomes rich, we will still need to greatly advocate the social custom of hard work and plain living. Only by developing the spirit of hard struggle and sticking to the policy of carrying out all causes industriously and thriftily can we create a high degree of spiritual civilization while creating a high degree of material civilization.

4. To Stick to the Education on the Spirit of Working Hard for the Prosperity of the Country and on Resisting the Decadent Ideology of the Bourgeoisie During the Process of Implementing the Policy of Opening Up to the World

Opening up to the world is our unshakable national policy. The experiences of all the countries in the world prove that in order to make a nation strong and a country prosperous, efforts should be made in order to be good at absorbing the advanced knowledge and successful experiences of other nations and other countries in the world. Particularly, in our present times, with the internationalization of economic development and the increasingly frequent economic exchanges among all the countries, modern science and technology have broken through the boundaries of all the nations and countries and have become the common property of the mankind. At the end of the Ching Dynasty of our country, the Kingdom of the Ching Dynasty implemented the closed-door policy so that our country was reduced to a semifeudal and semi-colonial society; after entering the socialist period, under the influence of the "leftist" guiding ideology which prevailed for many years in our country, we again implemented the closed-door policy. As a result, our country's modernization process was seriously retarded. So, as far as the inexorable trend of the development of the world economy, science and technology and the historical experiences at home and abroad are concerned, we must cast away the closed-door policy and resolutely carry out the policy of opening up to the world. Otherwise, we will be unable to modernize our country. Beijing city's experience in implementing the policy of opening up to the world over the past few years also shows that the policy of opening up to the world is conducive to broadening people's horizons, emancipating people's minds, pushing forward with the progress of our country's science and technology, improving the quality of our enterprises and increasing the economic results. This is the main aspect of the situation. However, we should also clearly know that the opening up to the world has unavoidably brought in the influence of some bourgeois ideologies and life styles which have corroded some people who have developed the trend of the bourgeois individualism and liberalization. One of the important tasks of the ideological and political work is to educate people to resolutely resist the corrosive influence of the decadent bourgeois ideology and stick to the

revolutionary spirit of self-reliance and the spirit of working hard to become stronger while resolutely carrying out the policy of opening up to the world.

We should clearly know that the aim of our implementing the policy of opening up to the world and importing advanced foreign science and technology as well as management experiences is to make those things serve us, strengthen the basis of self-reliance and build the socialist material civilization. Therefore, implementing the policy of opening up to the world does not mean to indiscriminately copy foreign things and nor does it mean to "Westernize everything." The modernization we are building is a socialist modernization so our building of the material civilization must stick to the socialist road and serve the general aim of socialist construction. This is fundamentally different from the building of the capitalist material civilization. We must not fail to see the serious social problems and class contradictions that occur in the capitalist material civilization simply because we have imported some things. What is more, we must not blindly publicize the capitalist spiritual civilization, and instead, we must use a Marxist stand, viewpoint and method to analyze it. We must not only refuse to import the reactionary and decadent foreign things, including the decadent bourgeois life style but also resolutely resist and criticize them so as to resolutely discard them. Otherwise, they will corrode our contingent, harm our cause and even cause our party and country to deteriorate. We should widely carry out propaganda and education and conduct thoroughgoing and painstaking ideological and political work to enable the broad masses of cadres and people to consciously and resolutely implement the policy of opening up to the world on the one hand and continue to raise their Marxist ideological standard and their ability of distinguishing things on the other hand so as to enable them to consciously resist the corrosive influence of the bourgeois life style and the decadent bourgeois ideology.

In the new historical period, the ideological and political work is still the lifeblood of all economic work. So, we must carry out thorough discussions and research on the characteristics and the law of the ideological and political work in the new historical period, apply the fine traditions and good methods of our party's ideological and political work to the new socialist historical period and sum up the new experiences and new methods which conform to the new situation and the new conditions so as to enable the ideological and political work, which is also a school of science, to blaze new trails and achieve new development.

/6091

CSO: 4004/56

**BUILD THE SOCIALIST SPIRITUAL CIVILIZATION OF THE SPECIAL ZONE WHILE
IMPLEMENTING THE OPEN-DOOR POLICY AND CARRYING OUT REFORMS**

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 20-24

[Article by Liang Xiang [2733 3276]]

[Text] The building of socialist spiritual civilization in the Shenzhen SEZ [special economic zone] is being carried out in conditions of opening to the outside world and structural reforms. In the last 6 years, under the leadership of the party Central Committee and the Guangdong provincial committee, the building of spiritual civilization in the SEZ has, together with the building of a material civilization, achieved pleasing results. Now the SEZ has developed to a new stage and it is necessary to seriously sum up experiences so as to be able to better engage in the building of spiritual civilization in the SEZ.

**I. Unify Ideas, Fully Recognize the Urgency, Arduousness and Feasibility
of Doing Well in the Building of Spiritual Civilization in the SEZ**

In the building of the Shenzhen SEZ, in what position must the building of spiritual civilization be placed and can it be carried out well? People cannot have a clear understanding of these questions from the beginning. In order to do well in the building of spiritual civilization in the SEZ, we must unify the ideas of the SEZ cadres and masses with the strategic concepts and the principles and policies of the party Central Committee in running the SEZ. Their ideas must also be unified in recognizing the urgency, arduousness and feasibility of the building of spiritual civilization in the SEZ.

Building socialist spiritual civilization is a pressing task for the Shenzhen SEZ. First, this is determined by the strategic position of the building of socialist spiritual civilization in socialist modernization. Socialist modernization has as its center developing the economy. At the same time, there must be the building of spiritual civilization so as to guarantee a correct and healthy direction of development for material civilization. Second, this is determined by the mission shouldered by the Shenzhen SEZ and the special environment it faces. The Shenzhen SEZ is a forward position in our nation's opening up and an experimental area for structural reforms, and has many special and complicated conditions which

differ from those in the hinterland. It can quite quickly and quite directly learn advanced things from Hong Kong and from foreign countries. This is a beneficial condition. It also receives quite a lot of influence of decadent bourgeois ideology and lifestyles and the influence of the idea of "seeking money in everything." This is a disadvantageous condition. Grasping the building of spiritual civilization firmly and well is an objective demand for the development of the SEZ. It is also the ardent hope of the party Central Committee and the people of the whole country for the SEZ. Seen from the development of the SEZ, the main activities over the last few years have been the laying down of a base and the building of a good investment environment. A good investment environment includes a good social mien and social order. Only in this way can Hong Kong businessmen, foreign businessmen and hinterland units have a feeling of security and trust in their investment. The Central Committee requires the SEZ to provide technology, experiences and skilled personnel. If we do not engage in the building of socialist spiritual civilization, not only will we not meet the requirements of the Central Committee, but it will result in overall SEZ construction taking the wrong road. In deciding whether the SEZ is operating successfully or not, we have to look at the speed of construction and the degree of opening to the outside world as well as look at the social mien and the people's ideological plane and cultural levels. Thus, the building of spiritual civilization in the SEZ is not an optional thing which can be carried out at any time, but is a major matter related to whether the SEZ succeeds or fails.

Of course, building spiritual civilization in the SEZ is not going to be an easy matter. It is not something which can be easily done well in the wake of economic construction. The difficulties of building socialist spiritual civilization in the SEZ lie in: 1) We must fully take into consideration that the opening up and reforms will cause the closed and semiclosed economy to develop toward an outward-oriented economy and will cause the ossified or semiossified structures to become enlivened and will change to where market regulation becomes the main part of the economy. These situations will inevitably have a deep effect on the ideological concepts, spiritual conditions and lifestyles of the cadres and the masses within the SEZ and will lead to great changes. 2) The special zone construction is being carried out surrounded by a rural environment and a large number of peasants. In the process by which villages are becoming towns and by which peasants are becoming workers, we must pay attention to helping the peasants and the urban residents (many of whom have just transferred from the villages) to eliminate the vestiges of the feudalism which has existed for thousands of years, and to overcome the various types of old, backward consciousness, old ways and old customs. 3) Through opening up, the objective possibility of learning about capitalist ideas and culture has been provided to the cadres and masses of the SEZ. However, deeply understanding its origin and development, clearly understanding its nature and development trends and resisting its decadent ideological influence requires arduous efforts. 4) In order to reduce and eliminate the influence of decadent bourgeois culture, the SEZ must adopt a positive attitude and greatly develop its own socialist ideology and culture, so that it not only can play a positive role in enriching people's spiritual lives, raising the ideological plane

and changing the social mien, but can also have a positive effect in foreign dealings. However, these are not things which can be accomplished in one move.

The task of building spiritual civilization in the SEZ is quite an arduous task, requiring more effort than is required in the hinterland. However, we should recognize our beneficial conditions for overcoming the difficulties: 1) The building of socialist spiritual civilization is consistent with the nature of the SEZ and the demands of development. We are running a socialist SEZ, the economic activities of which have the national socialist economy as a rear area and which are subject to the macroeconomic guidance of state planning. Although the various economic components coexist and compete against each other in the SEZ, overall, they are serving socialist modernization. The demands of SEZ development strategy are to raise its own overall capacity to serve socialist modernization, and to bring into play to the greatest degree possible, the role of the "four windows" of technology, management, knowledge and external policies, and of the "two radiating fans" one facing internally and the other facing externally. This demands, and is also beneficial to building, a highly developed system of socialist spiritual civilization. 2) Through opening up to the outside world and expanding ideological and cultural interflow with the outside world, we can expand our vision, liberate our ideas, increase our knowledge, learn selective lessons and draw in those things and forms which are rich in socialist spiritual civilization.

At present, the majority of the party members, cadres and masses within the SEZ have positively gone forward, developed ahead and been diligent in study and work. Also, their political and cultural qualities have seen a clear improvement. Party and CYL organizations have, through reorganization, been consolidated and strengthened, and social atmosphere and social order are both good. The borders are stable and not only has the outward flow stopped but over 1,000 persons have returned from Hong Kong to stay. Last year, after the national delegates conference, we called a city experience exchange meeting on education in the "four haves," that is, having ideals, having morality, having culture and having discipline. On the basis of a unified understanding by the whole city's cadres and masses, we confidently formulated and promulgated the "Program for the Building of Socialist Spiritual Civilization in the Shenzhen SEZ." This clearly set down the pace, tasks, goals, position and methods of building spiritual civilization in the Shenzhen SEZ. This is another side of the SEZ development blueprint which follows the economic development for the Shenzhen SEZ during the Seventh 5-Year Plan.

II. The Central Link in Building Spiritual Civilization Is Strengthening Education in Communist Ideology and Opposing the Corrosive Influence of Decadent Bourgeois Ideology

In the development of the SEZ economy, special policies and flexible measures have been implemented. This does not mean however that in the political arena, we can follow separate arrangements or that in ideology we can divorce ourselves from the communist ideological system. Rather, on the political

level, we must maintain a unity with the whole nation and the Central Committee, adhere to the four basic principles and build a socialist spiritual civilization with communist ideology as its core. Building the SEZ is an experiment in exploring socialism with Chinese characteristics. In this, only if we have the guidance of a communist ideological system will we be able to achieve success. The Shenzhen SEZ is also a meeting point for the ideas of East and West and the cultures of East and West. The two permeate each other and influence each other. In this situation, only if we take communist ideology, which is the most advanced and most scientific of mankind's ideologies, as the guiding ideology, to arm the minds of the people and to occupy the ideological and cultural fronts, will we be able to resist the corrosion of decadent bourgeois ideology and the feudal ideological vestiges and build well a socialist spiritual civilization.

In carrying out communist ideological education, how can we ensure that we obtain results? Our experience shows us that we must eliminate the former "leftist" influence, avoid empty abstract preaching and simple coercion, tightly combine with the actual situation in the SEZ, have many levels and many forms, clarify the key points, be sure in what we are aiming at, carry it out by both building and demolishing, and strongly guarantee and promote reform, opening up and an enlivened economy.

In the last few years, we have broadly and deeply carried out education in patriotism, ideals, morality and law and discipline. When carrying out education in patriotism, we have paid attention to using the reality of China's modern history, especially historical facts about the Shenzhen SEZ to stimulate people's patriotic zeal and sense of national self-respect and their resolve to invigorate China. At the same time, we have educated the people of the SEZ in the guiding ideology--"the whole country supporting the SEZ and the SEZ serving the whole country"--so as to arouse an enthusiasm for construction, whereby they would put their efforts into building the SEZ well and win honor for the nation. In the process of carrying out education in ideals, we have paid attention to educating party members, cadres and young people to establish communist ideals and to combine these ideals with their own work and unify them with the party's current policies on running the SEZ well. We have encouraged everybody in their different posts and positions to put all their hearts into serving the people and to make a contribution to building the SEZ well. When carrying out education in morality, we have emphasized educating the great number of cadres and the masses to establish a professional and social morality so that they handle well the questions of love, marriage and family, and establish a new-style relationship of mutual help between people.

In carrying out education in communist ideology, we need to have a clear aim. It must be aimed at the corrosiveness of decadent bourgeois ideology, aimed at that extreme individualism whereby people openly advocate harming the state to obtain private gain and harming others to benefit oneself, and aimed at the worship of money, where "everything is done for money" and where any means are adopted to make money as well as at the vulgar philistine lifestyles. In opposing the corrosion of bourgeois ideology, the key lies in raising people's ability to differentiate, oppose and become

immune to it. We have regularly carried out for the cadres and the masses, education in comparing the two systems and two types of ideology of socialism and capitalism. In this way, everyone can differentiate what is progressive, what is decadent, what should be drawn on and what should be rejected. In urging struggle against corrosion, it is not done like what was done in the past with movements and mass criticism. Apart from using the law to handle those who violate law and discipline, the majority of the measures run through normal daily life and work. In providing normal education, enlightenment and guidance, we allow the masses to increase their immunity themselves and establish a correct outlook on life and form a healthy, positive social atmosphere and lifestyle.

In carrying out education in communism, we have paid special attention to young people who form two-thirds of the population in the SEZ, and have adopted forms and methods which accord with the characteristics of young people. For example, leaders have had direct talks with the masses and heart-to-heart talks have been carried out. Also, Zhang Haidi and PLA models have been invited to make reports in speeches before the CYL. Also, "ten outstanding young people of Shenzhen" have been selected and a high tide of "studying heroic models and manifesting this in actions" has been set off among the young people of the SEZ. Further, among the young people, reading activities for invigorating China and various types of recreation and sports activities have been arranged. Through these activities, the physical and mental health of the young people and their political growth have been promoted. Just in 1984 and 1985, over 1,300 young people throughout the city entered the party and 10,000 young people entered the CYL.

In the last few years, through centralized rotational training in the party school, through running classes on various fronts, asking specialists to come and lecture, and calling theoretical research meetings, we have organized the cadres and staff and workers to study the basic principles of Marxism-Leninism and the various principles and policies of the Central Committee on building the SEZ. Thereby, we have helped everybody master the ideological weapon of Marxism-Leninism, and adopt a communist outlook on life and a communist world view. Each year, we have commended a large number of advanced party branches and outstanding party members, cited a number of labor models, outstanding young people and "March 8" red-banner pacesetters. All counties and regions and all systems and units have selected a number of localities, systems and advanced unit models. As to those people whose revolutionary willingness has declined and who have lost their ideals, we have strongly carried out education for them through criticism. We have also resolutely attacked criminal activities in the economic area and other criminal activities, and in major matters we have investigated the cases to the end and provided firm punishment in accordance with the law. In this way, we have allowed people to compare the positive and negative sides of actual life and thereby become enlightened and educated. Our city has also established systems whereby major responsible persons from various levels of party organization participate in making reports on the situation and current events. It has also formulated post responsibility systems for ideological and political work in enterprise and party

organization and an examination system for cadres in regularizing theory study. Through repeated exploration we have gradually realized ideological education work with rules to follow, regulations to rely on and responsibility which can be examined. At the same time, we have paid attention to strengthening the building of ideological and political work teams and continually improved the quality of political work cadres. Shenzhen University has bravely reformed the school's ideological and political work systems and brought into play the roles of leaders, teachers and students, and established effective ideological and political teams who have not been released from other duties. These together do well in ideological education work for cadres and have achieved quite good results. We have also positively utilized social forces, motivated the enthusiasm of the various departments, various units and the vast number of cadres and the masses, brought into play the role of the border defense and armed police forces and developed activities whereby the Army and the people build spiritual civilization together.

III. Strengthening Party Building Is the Key To Doing Well in the Building of Spiritual Civilization in the SEZ

The SEZ is like the rest of the country in that, in carrying out the building of spiritual civilization, the key lies in strengthening party building. Strengthening party building means guaranteeing that every department and every unit in the SEZ has a core of leadership which is armed with Marxism-Leninism and is upright in its ideological style, and which maintains the unity with the party Central Committee. It also requires that in the building of spiritual civilization, we must fully bring into play the role of party organizations as fighting forces and party members as models so that a basic turn for the better in party style spurs on a basic turn for the better in civilian style. This is of great significance in guaranteeing that the SEZ follows a socialist direction in its development.

Opening up to the outside world has resulted in the various levels of party members and the vast numbers of party members and cadres in the SEZ facing new tests. In the process of coming into contact with international capital and carrying out various reforms, higher and stricter demands have been made on their political quality and ideological character. Since the SEZ was established, the majority of party members and cadres have been subject to tests, but in the face of the corrosion of decadent bourgeois ideology, they have maintained the true qualities of communists. However, a small number of people have been corrupted. They have harmed the party's reputation, obstructed a turn for the better in social atmosphere and also affected economic construction in the SEZ.

In the last few years, in grasping party building, we have particularly grasped the correction of party style. First, we have carried out deep education in party spirit, party style and party discipline. We have educated the large number of party members and cadres to bear in mind the party's aim of serving the people with all one's heart and mind and to strengthen the idea of the overall situation, and the idea of policy, of discipline and of law. In accordance with the actual situation in the SEZ,

we have stressed that party members and cadres must be honest in performing their official duties. We have also formulated the "Rules for Cadres of Shenzhen City." These require the cadres, in foreign dealings, to be honest in their duties. They especially require that party-member leading cadres in party and government organs play a model role. Second, in combining with party rectification and firmly correcting unhealthy trends, we have used some of the examples uncovered by establishing advanced models and by party rectification, and carried out education for the party members and cadres from both the positive and negative sides. At the beginning of this year, we seriously transmitted and implemented the spirit of the party Central Committee with respect to readjusting the leading organs' work styles. Proceeding from the leading organs, the leading cadres set the example, and carried out readjustment with respect to unhealthy tendencies in six respects, including the use of sedan cars, going to Hong Kong and abroad, and employing public funds to fit up private houses.

In strengthening party building and doing well in party style, as far as the Shenzhen SEZ is concerned, a very important aspect is bringing into play the guarantor and supervisory roles of party organizations in economic work and correcting professional guiding ideology so that economic development work follows a correct development direction. The Shenzhen SEZ is engaged in large-scale economic construction and the enterprise unit's autonomy is very large. Whether professional guiding ideology is correct or not and whether it can handle well the relationships between overall and partial interests, long-term interests and immediate interests, between collective interests and individual interests, and the relationship between economic benefits and social benefits will have a great influence on the development of the SEZ. A great number of party members have taken on the task of leadership and the condition of the ideological style of party members directly affects professional guiding ideology. Thus, in educating the party members, we must firmly adhere to party principles, consider the overall situation, take the lead in correctly implementing the party's principles and policies, observe the law, correct the improper tendencies in economic activities and guarantee that on the enterprise leadership level there is a correct professional guiding ideology.

In strengthening party building in the SEZ, a new important factor is that we must stress the building of party organizations in solely-funded, jointly-funded and Chinese-foreign joint-venture enterprises. There are many of these types of enterprises in Shenzhen. The output value of such industrial enterprises accounts for half of the city's total industrial output value. In the last few years, we have paid attention to summing up the experiences of establishing party organizations in these types of enterprises and called many discussion meetings on ideological and political work, to exchange and spread advanced and model experiences. On the basis of practice we have formulated "Temporary Regulations on Party Organization's Work in Chinese-Foreign Joint Enterprises in the Shenzhen SEZ." These provide clear stipulations with respect to the role, task, organizational form and ideological work of party organizations within these types of enterprises as well as the requirements of party members. This has ensured that there are rules to follow in work and also clears away the misgivings of the investors and

strengthens the cooperative relationships between the two sides so that together they promote the development of the enterprise. Some party members who work in these types of enterprises have implemented policies, worked hard and brought into play quite well the role of party members as advanced models. Thereby they have raised the prestige of the party and established a good image for the party.

IV. In the Building of Spiritual Civilization in the SEZ, We Must Master Policy and Correctly Handle Several Relationships

1. Importing and Resisting. Since establishing the SEZ, external economic intercourse and cultural interflow have become increasingly more frequent. We have paid attention to worldwide superiority and put effort into importing advanced science and technology, management experiences and advanced ideas and culture which accord with our national conditions. We have also used as reference various new concepts formed on the basis of modern science and modern life, and also firmly resisted the decadent ideologies and lifestyles of capitalism. We have opposed both closing the country to international intercourse and also the national nihilism which holds that all things foreign are good and thus does not differentiate good and bad and copies everything. We have firmly used a Marxist stand, views and methods to differentiate which of the foreign ideologies, culture and management forms are good and which are bad. Thus we have been able to take the essence and reject the dross.

2. Guidance and Obstruction. We believe that with respect to the overall building of spiritual civilization, we should combine "obstruction" and "guidance" but should take "guidance" as the main part. On the one hand, in order to consolidate and develop the socialist ideological and cultural position, and guarantee the healthy development of the younger generation, we have adopted strong measures and obstructed the circulation channels of all the repulsive things of capitalism and feudalism. We have firmly struck against the smuggling activities which involve obscene videotapes and pictorial magazines, banned the circulation of these goods in the society and strictly examined the contents of imported movies. On the other hand, we have put great efforts into doing well in guidance work and actively developed various types of regular ideological and cultural activity channels. We have often arranged book fairs, and calligraphy displays, regularly arranged literature and art performances and various types of scientific research meetings, and invited Hong Kong and Macao as well as foreign groups and individuals to participate. This has provided avenues by which to draw in foreign ideas and culture. We have actively developed culture and education in the SEZ, set up 10 papers and journals including the SHENZHEN TEQU BAO and TEQU WENXUE. Also eight large cultural facilities, including science halls, libraries and gymnasias have been set up, and various types of literature and art evenings, masses' singing events and city-wide sports activities have been staged. These have guided people's interests toward healthy, beneficial cultural and sports activities, molded people's ideology and sentiments and achieved quite good results.

3. Enlivening and Strengthening Management. Following the development of opening up and reform, the level of the material lives of the people in the SEZ have increased swiftly and we have increasingly wide interest in cultural activities and increasingly high demands in terms of spiritual activities. The former poor, uninteresting and inflexible entertainment activities clearly could not satisfy this demand. In order to accord with this situation, we have put great efforts into enlivening cultural life. The city has successively opened a number of music teahouses, dance halls and other recreation areas. We have also supported and encouraged those units with the conditions to arrange spare-time literature and art troupes and to develop mass cultural and entertainment activities. At present, there are 10-plus enterprise spare-time literature and art performance troupes. The Luohu District spare-time art troupe has performed in Zhuhai, Hainan and Hong Kong, and been well received in these places. At present, the social and cultural life of the SEZ is becoming increasingly vigorous. Of course, at the same time as enlivening, we have to strengthen management and achieve management at the same time as enlivening, so that the vigor will not turn into disorder. We have promulgated and implemented the "Social and Cultural Management Regulations for Shenzhen City" which sets down regulations in respect of the contents of programs performed in business-type entertainment venues. These must go through relevant departments for approval and supervision, and the healthy entertainment programs are given necessary support. As to the small number of illegal cultural activities run in order to obtain money, they are seriously handled as soon as they are discovered.

4. Differential Treatment and General Demands. Since opening to the outside world, more and more foreigners and Hong Kong and Macao compatriots have come to the SEZ. This requires that we have basically different targets and must have differential treatment. In morality and lifestyle, in our treatment of the SEZ's cadres and masses, and especially in respect of leading cadres, we need to be quite strict. However, in respect of the foreigners and Hong Kong, Macao and Taiwan compatriots who work in the SEZ, we cannot be overexacting. We should do what we can to satisfy their rational requirements in work and life and allow them, within the scope of the law, to do what they want to do. Their legitimate rights are protected by our nation's laws. The SEZ is a part of socialist China and it must safeguard the state's sovereign rights and national dignity. Before our nation's sacred law, all are equal regardless of whether they are cadres or masses of the SEZ, foreigners, or Hong Kong, Macao or Taiwan compatriots. They must all spontaneously abide by our nation's laws and regulations and all violations will be handled in accordance with the law. Several years ago, we strongly struck at Hong Kong Secret Society members who came across the border to engage in activities, and also strictly handled some Hong Kong persons who engaged in illegal activities in the SEZ. Good results were achieved in this and they were praised by foreign businessmen and the vast numbers of Hong Kong and Macao compatriots. Facts have proved that doing things in this way helps increase businessman's sense of security and trust with respect to his investment and thus promotes the importation of foreign capital.

Building a high degree of socialist spiritual civilization is a component part of Shenzhen's social development strategy. It is an important task given to the SEZ by the Central Committee. In the last few years, we have done some work, carried out preliminary exploration and brought into play the role of spiritual civilization in promoting the building of material civilization. Practice has proven that if we persist in grasping the "two civilizations" together and doing well in the social systems engineering of building spiritual civilization, then we will certainly be able to guarantee that the SEZ will definitely develop quickly and healthily in a socialist direction.

/6091

CSO: 4004/59

IMPLEMENT THE 'DOUBLE HUNDRED' POLICY, DEVELOP THEORIES OF LITERATURE AND ART--ROUNDUP ON THE LITERATURE AND ART FORUM SPONSORED BY THE RED FLAG EDITORIAL DEPARTMENT

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 25-29

[Text] While marking the 30th anniversary of the principle of "letting a hundred flowers blossom and a hundred schools of thought contend," on 16 May the RED FLAG Editorial Board invited over 40 literature and art theorists, critics, writers, professors, and editors who were in Beijing to a forum on further implementing the "double hundred" principle and invigorating the theories and criticism of literature and art. The atmosphere was enthusiastic at the forum, and each participant aired his own views, giving full expression to the spirit of letting a hundred schools contend.

RED FLAG deputy chief editor Wang Renzhi and Ma Zhongyang attended the forum. Comrade Wang Renzhi said that under the leadership of our party, the people in the whole country are engaging in a great cause of building socialism with Chinese characteristics. Therefore, we should carry reform in every field; and the reform has set many new tasks for study by theory workers, including literary theory workers, and provided a vast field for theory workers to bring their talent into full play. In order to resolve the issues coming up in the reform and unflinchingly push the reform forward, we should make realistic and creative explorations under the guidance of Marxism. This is a demand of the times. While making explorations, there might be varied and different viewpoints and opinions. Some of these opinions and viewpoints might be correct or basically correct, and some might be incorrect or completely incorrect; some might proceed from the actual conditions and suit the development of Marxism, and some might be unrealistic and deviate from Marxism on this or that issue. This is not only unavoidable but also completely normal. At present, there are many divergent views on the literature and art theories. The correct way of making a clear distinction between right and wrong is to implement the "double hundred" principle and present the facts and reason things out through fair discussions and comradely debates over divergent opinions to seek the truth. All kinds of academic issues can be discussed. In the discussions, we should neither randomly stick political labels on academic errors nor describe normal academic discussion and criticism as political criticism. Both cases are bad for creating an atmosphere of harmony and concord and for unfolding contending and blooming. The RED FLAG journal of ours should resolutely carry out the "double hundred"

policy. In the eighth issue of this year, we published Comrade Chen Yong's article "On Methodology in the Study of Literature and Art." Before and after the publication of the article, we repeatedly asked Comrade Liu Zaifu to write articles to expound his views. We also welcomed other comrades with different opinions to write articles for our journal. We hope that, through discussions and contentions, we can contribute to the development of the literature and art theories of Marxism. At this forum of today, we hope that all participants will fully air their views on the study of literature and art theories and the criticism of literature and art and on how to better implement the "double hundred" principle.

Some participants also reviewed the history of 30 years since the proposition of the "double hundred" principle. They hold that reviewing the history of the "double hundred" principle and summing up the negative and positive experiences have both important theoretical significance and realistic significance.

Many comrades pointed out that since the 3d Plenum of the 11th CPC Central Committee, the free and relaxed atmosphere in the literature and art field in our country has been unprecedented. This has been the best period for the implementation of the "double hundred" policy. Nevertheless, there are still many shortcomings. For example, some comrades believe that a lively and vivid atmosphere for academic contention has not yet been well formed, and people are still not used to active dialogue and warm contentions. At one time, some people with a certain viewpoint are very lively while people with another keep silent; at another time, those who were silent before make speeches one after another while those who were active become silent. Obviously, this is not a normal phenomenon.

In the light of their personal feelings, some comrades pointed out that the psychological state of "having a lingering fear" has not yet been eliminated. Some even have "a fear in advance" in the writing process. Some writers just write but do not air views for fear of running into troubles. This shows that a lot of work needs to be done to effectively carry out the "double hundred" principle. For example, it is very necessary to strengthen the mental state of contention and perfect the concept of contention. Some comrades said that originally the word "criticism" was a neutral word with a connotation of affirming positive things and negating negative things. However, the previous political movements have made this word sound very terrifying. This also is not normal.

Some comrades said that now some publications only like to publish articles having views agreeable to them. Some articles have even negated Lu Xun, the "Talks at the Yen'an Forum of Literature and Art" by Mao Zedong, and "Life Is the Only Fountainhead of Literature and Art Creation." The viewpoint of literature and art being a reflection of life expressed in the "Talks at the Yen'an Forum of Literature and Art" has also been regarded as "mechanical materialism" and "intuitionist theory of reflection." Furthermore, these publications refuse to publish articles of different views on the ground of being "orthodox," "conservative," and "having nothing new." Obviously, this state of affairs does not accord with the demands of the "double hundred" principle.

On the issue of how to further implement the "double hundred" principle, the participants expressed many opinions.

Some comrades pointed out that it is necessary to further create a relaxed environment and encourage people to be bold in making explorations and brave in blazing new trails. They said that at present, because the policy of opening up to the outside world and invigorating the domestic economy has been adopted in the economic reform in our country, it is also necessary to adapt ourselves to this kind of situation in ideology and theory and form a more inspiring mental state of daring to speak and think. To develop theory, a nation or a country must have a social atmosphere in which people can think and discuss freely. As reform is allowed to make mistakes, exploration in ideology and theory should also be allowed to make mistakes. Sometimes, blazing new trails and making mistakes are mixed up with each other. The burgeoning new things and concepts are often imperfect, have various shortcomings, and are not readily recognized by people. Sometimes, outmoded things also crop up in a "new" posture. Regarding the various divergent viewpoints and understandings, we should neither readily make conclusions nor post political rulings but make a clear distinction between right and wrong by realistically letting a hundred schools of thought contend. Through the contending, the truth will gradually become distinct and wrong understandings can also be really convincingly clarified. While unfolding contentions and discussions, the participants should, on the one hand, be confident of themselves, but on the other hand, not stubbornly adhere to their opinions, believing that their viewpoints are surely completely correct. They must be good at fairly and objectively discovering the rational things in other people's viewpoints. Even immature or erroneous things embody grains of truth. Being free from sectarian bias, the contenders should vie with each other in contributing to the discovery and development of truth and unite to assiduously seek truth. Some comrades said that it won't do that while some people are arduously making explorations, some other people tend to judge the explorations aside. Some comrades said there are two kinds of discussions: First, to only negate others' viewpoints. This kind of discussion does not have much significance. Second, to both criticize others' viewpoints and fully expound and develop their own viewpoints. This kind of discussion is conducive to furthering the discussion. Magazines and newspapers should always find their own topics for discussion, rather than creating more troubles and rushing to criticize a single thing. This would generate tensions and bring pressures to some people and be of no help to the unfolding of discussions.

Some comrades pointed out that while unfolding "letting a hundred schools of thought contend," we must acknowledge that we just cannot predefine some academic theories and concepts as undisputable, because theory and science will not develop in the absence of criticism and contention. The guiding position of Marxism in theory and ideology was established in practice and the struggle for erroneous thoughts. The slogan of "adherence and development" is correct. As the times and situation are developing, we must use new things to enrich the existing theories. Otherwise, the theories will come to a standstill. If we do not put forward new things, adherence will become an empty word. Of course, if we only talk about development

divorced from adherence, we cannot have a true development but even lose our bearings.

Some comrades pointed out that some "leftist" shadows now still emerge from time to time, so it is highly necessary to emphasize creating a harmonious environment. In the meantime, under the guidance of the ideology of Marxism, we should continue to adhere to the orientation of socialism, enhance the literature and art workers' sense of social responsibility, and give first priority to social benefit. Our literature and art should serve the people and socialism; the guiding position of Marxism should not be shaken. Some comrades said that we should use the Marxist stand, viewpoint, and method to analyze, study, and draw lessons from Western literature and art ideological and social trends but not blindly copy and use them or regard them as the guiding ideology.

Many comrades said that the key to better implementing the "double hundred" principle lies in leaders. History has shown that obstructions to the implementation of the "double hundred" principle generally do not come from ordinary theory workers and that the attitude of leaders is decisive. Some comrades believe that the leading organs should draw lessons from the previous experiences and lessons, maintain the continuity and stability of the "double hundred" principle, and thoroughly carry it throughout. To create conditions for the implementation of the "double hundred" principle, leaders of literature and art work should primarily actively create a stable, harmonious, and relaxed environment and truly put into effect the policy of three No's. Regarding the rights and wrongs in literature and art theory and creation, we should rely on the literature and art circles to carry out explorations and contentions. Leaders should not make conclusions or at least should have the patience not to make hasty conclusions. Otherwise, it will be unfavorable to carrying out normal discussions. It should take a long time to reach a scientific conclusion on theoretical issues, in particular the more important theoretical issues. It is often of no avail or even against our wishes to act precipitately. Some comrades questioned whether the proposition that "literature and art criticism is a means for the party to lead literature and art" is scientific. Some comrades held that literature and art criticism should still be a means for the party to lead literature and art. In the contentions, leaders should also make speeches, but their speeches must be correct and logical. Thus, leaders making speeches are required to make careful investigations and listen to the opinions of different sides.

Therefore, in implementing the "double hundred" policy, what should the vast numbers of literature and art theory workers do?

Some comrades said that the most effective method of making "letting a hundred schools of thought contend" a custom and further activating literature and art criticism and theory is to vigorously stop making empty talks about the "double hundred" principle itself and, under the guidance of the four cardinal principles, to use our articles and works to participate in the "blooming" and "contending," so as to regularize and normalize the implementation of the "double hundred" principle. Regarding comrades

participating in the contending with their actual actions, as long as they do not consciously oppose the four cardinal principles and cudgel people, no matter whether their concepts are correct or considerate or not, we should all adopt a protective attitude toward their actions. As for whether their concepts are correct or embody truth, they can only rely on their own strength to prove and test them in contention, rather than relying on external and artificial protection. Only amid equal discussion and contention can truth display its brilliance. The current situation is that quite a few articles and private conversations are unsatisfied with the situation in which "letting a hundred schools of thought contend" cannot be normally carried out. However, they would refuse others' invitations to write articles to participate in the contentions and accuse others of writing articles to boldly express viewpoints or refute different viewpoints. This is unfavorable to implementation of the "double hundred" policy. It is better for them to display their talents to the full like a soaring dragon and a mounting tiger than to profess love of what they really fear; and it is better for them to shoot an arrow at the target than to keep the arrow in their own hands. At present, it is especially necessary to vigorously support, encourage, and protect practices in which people use their own articles and works to boldly express new viewpoints or refute different viewpoints with direct mention of someone's name in defiance to accusations and criticisms.

Some comrades pointed out that equality must be stressed in the contention. On theoretical and academic issues, no one is allowed the privilege of not being criticized by others, and anyone who is criticized by others is allowed to make counter criticism. In the heat of the debates, it is especially important to keep calm. It is allowed to name people directly, but not allowed to bludgeon and label people and overwhelm people with power at hand. People who are criticized by others should not get nervous and at every turn accuse others of labeling them, but get broad-minded and listen to different opinions. The more famous they are, the more modest they should be. To create a relaxed environment is not only the responsibility of leaders, but also the responsibility of the two parties in contention. We should not just ask others' forgiveness but refuse to forgive others even a little bit. We should not let either party feel constrained. Literature and art criticism should be confined only to literature and art criticism, and theoretical contention should be confined only to theoretical contention. We should not get oversensitive and involved with some personnel and political stories, gossip, prejudices, and suspicions which are sometimes embroidered, malicious, exaggerated, and even deformed. This way of doing things will add obstacles to the implementation of the "double hundred" principle and affect the formation of a relaxed environment. Some comrades pointed out that bludgeoning and labeling people politically is surely sabotage against the harmonious atmosphere, but keeping on good terms with everyone at the expense of principle and making no distinction between right and wrong is not true harmony either. Straightforward and incisive contention can promote both the development of theories and the ideological understanding between comrades and should become a normal order in the theoretical research in literature and art.

Some comrades also pointed out the issue of style of study in the implementation of the "double hundred" principle. They said that some people now do not, or do not often, read books or study the new situation and issues in the reform but crave for inventing "new system." Some people, including some experts, do not have a sound style of study and often make mistakes of common sense in their articles and works. This shows lack of responsibility for the society, in particular the younger generation. Being impatient to make achievements, some people unscrupulously copy the materials and viewpoints in some articles in China and foreign countries and publish them in a hurry. Due to their insufficient knowledge, they often even copy and publish the mistakes of others. If these issues concerning the style of study are not rectified in a timely manner, it will harm both others and self and prevent the contention from building on a scientific basis.

While discussing the article published by Chen Yong in issue No 8 of RED FLAG, some participants held that it is highly necessary for the RED FLAG journal to start the frank and public discussion with direct mention of somebody's name and hoped that the discussion will carry on. Many comrades pointed out that as it is now very difficult to stir up contention and discussion and make criticism and counter criticism, it is a good thing that the RED FLAG journal has published Comrade Chen Yong's article. Regarding some specific contents and wording in the article, the participants expressed various different views.

Some comrades pointed out that Comrade Chen Yong is an old scholar without any secretiveness and has consistent viewpoints which did not change with the changes in situation. Some comrades believe that academically and theoretically speaking some of Comrade Chen Yong's viewpoints are correct; for example, his analytical criticism of Comrade Liu Zaifu's viewpoint regarding people's "passivity" and "activity." However, there were points in the entire critical approach of Chen's article that were open to discussion. In his article, Chen repeatedly mentions that Liu Zaifu's viewpoint is an issue related to the fate of Marxism in China and to the fate of socialist literature and art in China. Such an attitude is far from mild. No matter how wrong Liu's article is, it is, after all, a theoretical and academic issue rather than a political one. Therefore, the conclusion made in Chen's article is excessive. Even though some viewpoints in Liu's article run counter to Marxism, these viewpoints are not serious enough to affect "the fate of Marxism in China." Chen's article says that it is not feasible and practical that Chen's article comments on the characteristics of aesthetics in divorce of an era's political and economic conditions, actual life, and such a basic concept as literature and art being a reflection of life. Nevertheless, it is exactly on this issue that Comrade Chen Yong makes mistakes. As he does not know much about the development of literature and art creation and criticism, the materials he quoted are all very old and even Lenin's analysis of Tolstoy he quoted was made about 70 to 80 years ago. This is in disregard of the rapid breakthrough-like developments made by us in literature and art over the new era of 10 years. This article would be okay if it were written 20 or 30 years ago. Although Chen's article is clear-cut and his meaning is clear, there are gaps in it and he lacks a sense of the age. Therefore, it is not very convincing. It gives

people an impression that notwithstanding it is correct, it cannot quench the thirst and solve real problems, and that it is still those things in previous textbooks which we learned before. In comparison, although Liu Zaifu's viewpoint is one-sided and incomplete, the issues put forward in his article are based on facts and the article carries a deep sense of reality, times, and history. Some comrades say that Comrade Liu Zaifu's article is dynamic and dares to absorb new things, has creative spirit, and raises many new issues. Although some of his viewpoints are open to question, they can urge people to think.

Some comrades think that Comrade Chen Yong's article propagates the basic theory of Marxism and that they have not read such an article of great weight for a long time. At present, the reason we should expound once again the basic theory and common knowledge of Marxism is that some people have even forgot them all. Comrade Chen Yong's article has a very strong sense of the times, history, and urgency and is integrated with practice. And this is, in fact, the specific viewpoint of his counterpart's article and some of the ideological trends now arising in literature and art. Some comrades said that Comrade Chen Yong's article is mild and calm and completely rational. Since some articles have suggested the reexamination and reassessment of the basic theories and concepts of our literature over the last few decades in the belief that starting from the 1950's to the present, our literature criticism has been basically the vulgar class struggle theory and the intuitive reflection theory, why can't we say that it is related to the fate of Marxism as well as the fate of socialist literature? Moreover, while mentioning the fate of Marxism and the fate of socialist literature, Chen's article always refers in general to the various abnormal phenomena, totally disregarding or even denouncing the tenets of Marxism, but not to any writer or article in particular. It is true that the rights and wrongs in learning and theory cannot be decided by leaders or newspapers and journals, but it won't do to not allow individuals to write articles with conclusions. Some comrades said that regarding Comrade Liu Zaifu's viewpoints, Chen makes several direct conclusions in his article, like "while negating our mistakes and errors, he has, in fact, negated the Marxist standpoints and methods in connection with these issues altogether," and so on. If even these conclusions are not allowed in writing articles, how could people present their views? We can agree with as well as oppose the viewpoints of Chen Yong's article, but we just cannot say that this is sticking political labels and regarding theoretical and ideological issues as political issues. Pointing out that some views on literature and art of a certain writer are not in accord with or contrary to Marxist theory should remain a matter within the scope of the theoretical and academic field and does not mean issuing a political conclusion on the writer.

All the participants in the forum sincerely hope that the literature and art circles will better implement the "double hundred" principle, enrich and develop Marxist theory through starting frank discussions and mutual criticism, and make socialist literature and art flourish.

Among those who delivered speeches in succession in the forum are Comrades Wang Cunyuan, Qian Zhongwen, Li Helin, Xie Jiongwang, Gu Xiang, Zeng Zhennan,

Min Ze, Meng Weizai, Liang Guangdi, Cheng Daixi, Chen Suyu, Zheng Bonong, Xu Feiguang, Lu Meilin, Qin Jin, Zhang Jiong, Pang Ranshan, and so on. Those who made written speeches are Comrades Wu Yuanmai, Li Zhun, Zhang Shouying, and so on. Comrades Liu Mingjiu, Zheng Guoquan, Ma Weian, Han Ruiting, Guo Zhigang, Lu Guishan, Lei Da, Li Derun, He Kongzhou, Huang Guozhu, and so on also attended the conference.

/6091

CSO: 4004/56

NEW DEVELOPMENT IN THE PARTY'S INTERNATIONAL LIAISON WORK--ON THE CPC'S
CONTACTS AND EXCHANGES WITH SOCIALIST PARTIES, SOCIAL DEMOCRATIC PARTIES,
AND LABOR PARTIES

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 30-32

[Article by Guo Qingshi [6753 1987 0099] and Wu Jun [2976 6511]]

[Text] In its international liaison work, the CPC has gradually readjusted, enriched, and improved its principles and policies since the 3d Plenum of the 11th CPC Central Committee on the basis of summing up its historical experience. The party's international liaison work has developed and become lively, with a new situation arising in it. The CPC has continued to develop and strengthen its friendly relations with communist parties with which it has always maintained close ties. Actively and step by step, it has restored and developed its relations with the communist parties with which its contacts were suspended during the great debate over the international communist movement. In 1978, it began to establish and develop its relations with friendly, progressive political parties in the Third World, including socialist parties. Since the beginning of the 1980's, it has carried out contacts and exchanges with socialist parties, social democratic parties, and labor parties in capitalist countries in Europe and other regions. People in the country and abroad have taken much interest in these contacts and exchanges.

In February 1981, Francois Mitterrand, leader of the French Socialist Party, led a political delegation to China on invitation and established party relations with the CPC. In December 1983, a CPC delegation headed by Comrade Geng Biao paid a return visit to the French Socialist Party. The two parties have kept making exchanges over the last few years. In autumn 1983, (Frederich Halsdenbecker) [Fu li de li xi ha er si teng bei ge 1715 6849 1795 6849 1585 0716 1422 2448 3326 6296 2706] and (Aigon Barr) [Ai gong be er 1002 6300 1572 1422], member of the Presidium of the FRG Social Democratic Party, visited China on different occasions, and dialogue between the two parties started. In May 1984, Chairman Willy Brandt led an FRG Social Democratic Party delegation to China. At a welcome banquet, Comrade Hu Yaobang made a speech entitled "Seek Mutual Understanding and Cooperation in Spite of Differences in the Ideological Field." Both sides unanimously held that they would strengthen their cooperation in safeguarding world peace and promoting South-North dialogue, and decided to keep increasing mutual exchanges. This

laid the foundation for mutual understanding and cooperation for both parties. In November 1985, a CPC delegation headed by Comrade Hu Qili paid a friendly visit to the FRG at the invitation of the FRG Social Democratic Party. Through friendly exchanges and sincere conversations, both parties found much common grounds. They are convinced that there will be bright prospects for cooperation between the two parties. The Japanese Socialist Party is an old friend of the Chinese people. It has made important contributions to strengthening friendship between the people of the two countries as well as to the normalization of Sino-Japanese diplomatic relations. The Chinese People's Institute of Foreign Affairs established relations with this party as early as the 1950's. Subsequently relations were established between this party and the China-Japan Friendship Association. Since 1957, this party has sent delegations to China on 11 occasions, and meetings between these delegations and Chinese leaders including Mao Zedong, Zhou Enlai, Deng Xiaoping, and Hu Yaobang were held during their visits to China. In March 1983, formal relations were established between the CPC and the Japanese Socialist Party, thus opening a new chapter in bilateral party relations. In September of the same year, Chairman Masashi Ishihashi led a delegation to China. In October 1984, a CPC delegation headed by Comrade Qiao Shi paid a return visit to the Japanese Socialist Party. Over the last few years, the two parties have strengthened their friendship and cooperation in various fields by expanding their exchanges. The CPC has now established various types of relations and carried out contacts, dialogues, and friendly exchanges with some 30 socialist parties, social democratic parties, and labor parties in Europe, Asia, Africa, Latin America, and Oceania. In October last year, the CPC sent a delegation to a disarmament conference held in Vienna by socialist parties, thus beginning its contacts and exchanges with socialist parties throughout the world.

In accordance with the changes in the international situation and the development of the international workers movement and taking account of the fact that many socialist parties, social democratic parties, and labor parties are friendly and willing to establish ties with the CPC, the CPC has looked upon developing friendly relations with these parties as a new task in its international liaison work. This corresponds with the fundamental interests of the Chinese people and the people in the rest of the world.

The contacts and exchanges between the CPC and socialist parties, social democratic parties, and labor parties are beneficial to world peace. The two superpowers are now engaged in both confrontation and dialogue. They are carrying out sharp contention in various spheres all over the world. In particular, their nuclear arms race has become the main cause of unrest in the international situation and of a world war. Although the force of peace keeps growing, the danger of war still exists. Therefore, safeguarding world peace has become a common wish and strong desire of people throughout the world. The Chinese people love peace, and China's construction requires a peaceful international environment. Peace is where the fundamental interests of the Chinese people lie. Out of consideration for the needs of the times and for the interests and wishes of the people, the CPC has regarded defending world peace as the basic target of its foreign policy. Socialist parties, social democratic parties, and labor parties in many countries stand for

defending world peace and easing tension in the international situation. They are opposed to arms races and the danger of war, stand for disarmament, and have regarded the realization of disarmament as one of their highest targets. They denounce the two superpowers for escalating their arms expansion and war preparations. They have actively urged the United States and the Soviet Union to hold disarmament talks and have made quite a number of suggestions on disarmament and easing the tense international situation. They are opposed to foreign military aggression against sovereign countries and to regional military clashes. Some of the parties have taken part in or supported large-scale peace movements. All this gives expression to the fact that the people in their countries dislike wars and have a strong desire for peace. Although these parties have differences of opinion on some international issues and some of their views may be different from those of the CPC, the general demand for defending world peace is unanimous. The friendly contacts and exchanges between the CPC and these parties will play a positive role in developing world peace and the force of peace.

The contacts and exchanges between the CPC and these parties are beneficial to another major issue in today's world--the development of the Third World countries. The key to this issue is that the Third World wants to develop. Only with development of the Third World, can the whole world develop better. China is a Third World country. In the course of making efforts to develop itself, China has always regarded as its internationalist duty its support for the Third World people in their struggle against imperialism, colonialism, hegemonism, and racism as well as in their endeavor to develop their national economies. In today's world, the economic gap between developed countries and Third World countries is not narrowing but expanding. The main cause lies in the unfairness and irrationality of the old international economic order. Therefore, the Third World countries are now making efforts to transform the old international economic order and set up a new one, to improve South-North relations, and to develop South-South cooperation. China and other Third World countries have shared the same historical experiences. Today, they face common or similar tasks and problems. Therefore, our country has put in a particularly important position the work of strengthening unity and economic cooperation with the Third World and of promoting South-South cooperation, and has taken this as the basis of its foreign policy. Socialist parties, social democratic parties, and labor parties in many developed countries have maintained excellent relations with the Third World countries, and such relations have further developed in recent years in terms of morality, politics, and economy. Although their aims of developing relations with the Third World countries are different from ours, they support the Third World countries in their struggle to defend their national independence and develop their national economies. They have suggested that the key to resolving the South-North issue is to reform the current international economic order and to redistribute the resources and wealth in the South and North and that industrial countries should use some of their gross output value to help underdeveloped countries and regions. These suggestions are appreciated by the Third World countries. The contacts and exchanges between the CPC and these parties have helped promote South-North dialogue and cooperation.

The contacts and exchanges between the CPC and socialist parties, social democratic parties, and labor parties are beneficial to improving friendship with their countries and the people of these countries. China has always thought highly of its contacts with the people of various countries and has devoted much attention to improving understanding and friendship between itself and the people in the rest of the world. It has always stood for developing friendly relations with various countries on the basis of the five principles of peaceful coexistence. This is China's principle, and the aim of its diplomatic activities as well. Quite a number of socialist parties, social democratic parties, and labor parties, no matter whether in power or not, have constituted important forces in the political activities in their countries. They have a large number of voters and are quite influential among the masses (including workers, staff, and intellectuals). Some developed countries established diplomatic relations with China while these parties were in power. Therefore, the development of relations between the CPC and these parties has helped improve friendly cooperation between China and these countries and deepen their understanding and friendship.

The contacts between the CPC and these parties are also advantages to the development of the economies of the countries concerned. One of the important causes of China's long-term backwardness is national seclusion. To make the country and the people prosperous, we have decided to implement the policy of opening up to the world; to introduce advanced foreign technology, equipment, managerial experience, capital, and talented people; to further develop the social productive forces; and to speed up socialist modernization. This is our long-term, basic national policy and strategic measure as well. Some of these parties have expressed their willingness to explore ways for economic cooperation with China. The CPC also cherishes the hope of promoting economic cooperation and technological exchange with foreign countries through contacts with these parties. The policy of opening up to the world is implemented in various fields in the course of political, economic, scientific, technological, and cultural exchanges between China and foreign countries. Contacts and exchanges with these parties are in themselves a form of opening up to the world, and these contacts and exchanges are good for China's four socialist modernizations.

In the course of carrying out contacts and exchanges with socialist parties, social democratic parties, and labor parties, the CPC pursues the policy of "seeking mutual understanding and cooperation in spite of differences in the ideological field" and is willing to carry out contacts, exchanges, dialogues, and cooperation with all socialist parties, social democratic parties, and labor parties on the basis of common or similar grounds. Generally speaking, these parties do not agree with communism and have their own explanations of socialism. In our opinion, however, the problems of ideologies, social systems, and development ways should, in the final analysis, be decided by the people of the countries concerned, and differences of opinion on these problems should not become obstacles to mutual understanding and cooperation in various fields. Under new historical conditions, for the sake of preserving world peace and promoting human progress, the CPC's way of seeking mutual understanding and cooperation with socialist parties, social democratic parties, and labor parties in spite of differences in the ideological field is

the most suitable choice in exploring new relations. In its contacts and exchanges with these parties, the CPC will always strictly abide by the principles of independence, complete equality, mutual respect, and mutual noninterference in each other's internal affairs. The CPC will not meddle in the internal affairs of these parties, nor will it interfere in the internal affairs of other countries through these parties. Relations between the CPC and other foreign parties are not directed at any third party. Under these policies and principles, the friendly cooperation between the CPC and socialist parties, social democratic parties, and labor parties will certainly undergo further development and consolidation and will thus be advantageous to promoting mutual understanding and friendship between the Chinese people and the people of various countries.

/6091

CSO: 4004/56

ACTIVE AND PASSIVE

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 33-34

[Article by Jiang Xia [3068 7209]]

[Text] Being active generally means being enthused or making great efforts, somewhat equivalent to what people term "bubbling with enthusiasm." Generally speaking, this state of "bubbling with enthusiasm" should be the basic attitude and an indispensable quality we cadres have toward our work and enterprise. However, if, when old friends meet, they say to each other "all these decades we have been old activists," these words of praise may not necessarily be appropriate. This is because through these years we friends have achieved great successes, met with trials, and committed errors. Under such conditions, being active throughout will need to be concretely analyzed. Although generally speaking the responsibility for errors mostly does not lie with cadres individually, yet lessons can be derived therefrom, one of which is: Being active means that the direction must be correct; direction is related to the whole situation and, if it is not the correct one, then the more active one is the worse the situation may become.

Under the precondition of the general direction being correct, we need to be active and indeed must be active. Incomparable loyalty to, and firm confidence in, communist ideals and the socialist enterprise constitute the firm ideological foundation for being "active." Hence, being active is the manifestation of consciousness. Progress in our enterprise always continuously stirs up man's enthusiasm, firms his confidence, arouses his fighting spirit, makes people go into action, and also encourages people to be active or enthused. This kind of activeness or enthusiasm cannot be bought solely by money. It is an extremely important factor in making us devotedly and stoutly fulfill missions, overcome difficulties, and open the way to creation.

What kind of activeness do we need and what is real activeness? Some comrades appear to overflow with warmheartedness when they talk but when it comes to action they are halfhearted, even to the extent of being like "thunder without a drop of rain." Although this way of being active or enthusiastic cannot be termed "false activeness," at least it is "empty activeness." There are also comrades who, when handling matters, rush

headlong into mass action, or behave like a swarm of bees, or "cut through problems at one stroke," showing a surplus of enthusiasm but a lack of premeditation, doing things more or less blindly, one-sidedly, and recklessly, and delighting in pursuing current erroneous high tides. This is so-called "blind activeness." As we understand it, real activeness is nothing more than the display of human conscious initiative. It has two special features: One of them is practicality and performing solid acts; the other is consciousness, guidance by theory, and clear-headedness. Only this kind of activeness is what we urgently need.

As for the display of conscious initiative (that is, being active) we may say a few words here. It is precisely because of the conditions mentioned below that we can judge if there is significance in whether a man is active or not. That is: Be it in the world of nature or human society there exist objective laws which cannot be moved by man's wishes. The development of all things has a definite basis and conditions, and has several kinds of possibility and inevitability which frequently play their role accidentally, and so on. Hence, it is necessary for man to display his subjective initiative in order to understand objective laws and to consciously depend on them and utilize them, endeavor to obtain the realization of possibilities permitted by laws, and thereby obtain his own objectives. If all things in the world are like the eclipse of the moon, which needs no intervention by man (in fact man has no way to intervene), then basically it does not matter whether man is active or not. Or, assuming that all things in the world occur absolutely by accident, with no laws to abide by, then it is also of no consequence if man is active or inactive, and all will depend on luck. From this, we can see that precisely contrasting with the conclusions of certain people all along, the acknowledgement by Marxism of the regulated nature of the world not only does not refute man's objective initiative, but also provides a scientific elucidation of the nature, status, and role of objective initiative. Activeness in this context is activeness which follows objective law and displays subjective initiative. It may also be said to be activeness which seeks truth from facts.

If this is the kind of activeness we need, then naturally we cannot take doing a rush job or a swift job as activeness, nor can we take as activeness all such phenomena in our construction work as blindly seeking excessive speed, and/or targets that are too high, or caring only about speed and not benefits, or seeking only quantity and disregarding quality, or step-by-step enlargement of the scale of many things. Rather, we should take as being active all such scientific attitudes and firm steps as necessarily stressing caution and safety and attaching importance to consolidation, digesting and absorbing, and so forth. Determination of a target must go through a precise scientific study and it should not be too high or too low. We may cite Mencius' words in illustration. He said: "Failing to break a branch of a tree for the elderly is refusing to oblige and not being unable to do so." This is not being active or enthused enough. He also said: "Failing to take Tai Shan in one's arms and fly over the northern sea" is truly inability to do the act and not deliberately refusing to do so, and cannot be said to be passiveness. We should mark clearly the demarcation line and the key is to seek truth from facts.

THE RELATIONSHIP BETWEEN STUDYING MARXISM AND STUDYING MANAGEMENT SCIENCE

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 35-37

[Article by Pang Changfu [7894 7022 1381] and Liu Chunjian [0491 2504 1696]]

[Text] In the continuous and penetrating development of socialist modernization and construction in our country today, in order to be competent enough to handle his work, a leader and manager must doubtlessly study with patience the relevant scientific and technological knowledge as well as management science. However, he must not overlook the study and grasping of the basic theories of Marxism. At present, certain comrades have a certain misunderstanding about the relationship between these two sciences; that is, they think that we are now doing construction work, that we most need to study specialized knowledge and management knowledge, and that studying Marxism has no practical significance. This kind of view is biased. This being the case, how should we correctly understand and handle the relationship between studying knowledge in management science and studying Marxist theories?

In socialist China, studying Marxism was in the past, and remains at present, the basic demand of cadres, especially leadership cadres. This is because Marxism is the foundation of the guiding ideology and theory for us to perform well various kinds of work. Lenin said: "We stand completely by the foundation of Marx' theories, because he was the first to convert socialism from an idle dream to a science, lay a firm foundation for this science, and designate the road to follow in continuing to develop and study in detail this science." ("Selected Works of Lenin," Vol 1, p 202) In the building of socialism with Chinese characteristics, the basic foothold is the integration of the basic theories of Marxism and the realities of our country. At present, our country is facing a complex situation of swift development and changes on various sides including the economy, politics, concepts, and social life. It will require a correct world outlook and methodology to correctly understand and master this situation, to study the experiences of success and the lessons of failure in socialist construction, and to draw lessons from the advanced feats in modernization and construction of foreign countries so as to consolidate, digest, improve, and display the strong points and remove the weak points. Lack of a correct guiding ideology will lead to acting blindly and even to the loss of direction.

Taking the full understanding and grasp of Marxism as our most basic study task does not imply that the leadership cadres and management cadres can forsake study in other sectors, in particular becoming lax in the study of knowledge of management science. In reality, the study of Marxism itself calls for the study of other scientific knowledge. Lenin discussed this point at length in his special essay on the "Tasks of the Youth League." He pointed out: To understand only the slogans of communism is all the more dangerous. Marxism is the paragon generated by communism from the knowledge of all mankind. If you believe that "you can become a communist without having grasped the accumulated knowledge of mankind, you have made a great error." ("Selected Works of Lenin," Vol 4, p 347) All comrades who really want to learn and grasp the basic theories of Marxism should learn the basic knowledge of other branches of science. A person poor in knowledge has no way to understand and grasp Marxism. This is to say, the task of studying Marxism requires us to unify it with other studies. To overlook the study of other scientific knowledge, particularly for leadership cadres to neglect the study of the knowledge of management science, will make one incompetent to handle his tasks and also make it difficult to study Marxism well.

The "Decision of the CPC Central Committee on Reform of the Economic Structure" adopted at the 3d Plenum of the 12th CPC Central Committee pointed out: "Reform of the economic structure and development of our national economy badly need a large contingent of managerial and administrative personnel, and especially managers, who are both knowledgeable in modern economics and technology and imbued with a creative, innovative spirit and who are capable of bringing about a new situation in whatever they do. The point now is that our contingent of managerial personnel falls far short of these requirements." Hence, it has formulated plans and adopted necessary measures to strengthen the research on, and application of, management science and to train a large contingent of economic management cadres who are competent in all lines of endeavor and capable of coordinating with each other, so that they can employ modernized scientific management theories to pursue scientific management of socialist economic activities. This is an important link embodying strategic significance in pushing forward reform of the economic structure, continuously raising the planned character of the national economy, and enhancing the general management level and the operation and management level of the enterprises. However, we cannot take an about-turn and claim that studying management science can replace the study of Marxism. Hence, speaking at the party's national congress, Comrade Deng Xiaoping emphatically pointed out that party cadres at various levels, especially leadership cadres, should, in the midst of their busy work, still devote definite time to the study, be "conversant with the basic theories of Marxism, and thereby strengthen the character of our work with regard to principle, system, anticipation, and creativeness." These "four characters" constitute the overall demand on the quality of the leadership cadres in the new period. Of them, the one on being principled is most important. The key point of this so-called principled character is that one must have a correct political direction and maintain a firm character in politics. Firmness in politics is inseparable from firmness in the line of thought. Only people possessing full understanding of the theories of Marxism can consciously and firmly

Is it possible to measure the extent of being active or being passive by means of the yardstick of swiftness or slowness? I do not think so. A definite speed carries an extremely important significance in economic construction. However, if we take the rate of speed required in "disco musical rhythm" and on "high-speed highways" as standards to judge many things in society, and also think that all kinds of slowness are the old custom of the old ox and the dilapidated cart in ancient agricultural society, then we can hardly explain why, up to now, we still have many things which need to be studied carefully and handled with care and patience, in particular why certain things, before they have been fully comprehended, may be put aside for a while, waiting to be studied and for some relatively valid conclusions to be made before action is taken. If, when a new, difficult, and big project is started, we proceed slowly and not rashly, take slow steps and work in a down-to-earth manner, then we are just laying the foundation for its future development in a more stable and sustained manner. This not only is not passiveness but also is a high degree of activeness. Comrade Deng Xiaoping recently said: "Now we slow down the steps a little because we wish to consolidate and digest the fruits of the reform so that subsequently we may pursue an even bigger reform." On the other hand, if we depart from the possibilities of actual conditions and unjustifiably seek a high speed, we may go up for a while but are bound to fall back eventually. This will cause the danger of great ups and downs and there will be no activeness to speak of. Hence, speed and slowness must be suited to the conditions and must be kept in the correct sequence. Naturally, this excludes "slowness" due to ideas of conservatism or cherishing the outmoded and preserving the outworn. Nor does it imply that, because of the need for study and deliberation, in attending to everything the slower the better.

Similarly, cautious deliberation cannot be simply said to be passiveness. Any creative undertaking has definite risks. It is vain to think that we can think out a perfect scheme before putting it into action. However, the creative spirit and even that of running risks is not tantamount to rashness. Rashness can only put things into bad shape. For example, with regard to our reform enterprise, the central authorities have repeatedly reminded us: Be bold and take firm steps; do meticulous planning, proceed cautiously, earnestly carry out experimentation, sum up experiences at all times, and so on. All this asks us to be cautious and conscientious and to perform tasks well. Our ancient sages were also aware that: "Matured thoughts will unearth the reason of things; knowing the reason of things brings success; being sure of success removes skepticism; and not being skeptical means bravery." (Han Feizi: "Jie Lao" [6043 5071]) This kind of "bravery" means being bold and knowledgeable and is well worth promoting. As for being bold but not knowledgeable and inclined to "rashness," we are afraid that it cannot be considered as being active or enthused. Therefore, regarding reform, the active attitude should be the union of being bold and taking firm steps.

Under certain conditions, even "not doing anything" is not being passive but active. In acquiring knowledge, for the sake of being expert in one or two specialities we "banish" other subjects and temporarily do not study them,

that is, "only through putting aside other subjects can you specialize in particular subjects." Naturally, this is an active attitude. In doing our work, if we can differentiate between what is important and what is not, work slowly on some things but ensure the completion of the major points, then it is also an active attitude.

Then again, there is a kind of attitude to life which is the so-called "adapting to circumstances." This no doubt looks like being passive. But if we make a careful analysis, we may find that not the whole of it can be said to be passiveness. Su Shi wrote in one of his poems: "One wishes for rain when tilling the soil but looks for sunshine when harvesting; the outgoing traveler likes a favorable wind but this will bring the oncoming traveler to grief. If everybody's prayers are met, then heaven must change a thousand times a day. I am now carefree and leisurely in life and there is nothing special I can pursue; I can continue in this way if my wishes are met, but the gods will be tired by my many wishes." The first part of this poem imparts a common truth in life, while the latter part describes his attitude of mind in his frustration. His unavoidable grumblings aside, in our actual lives, can we not derive the enlightenment from this poem that it is not practical for one to ask for the satisfaction of each and every one of one's desires? On the other hand, an attitude toward life which does not make such wishes perhaps cannot be branded as passiveness.

What is said above is meant to refer to the dialectic relations between being active and being passive. If there is no clear demarcation between the two, many things cannot be done well. There is no need to mention that at present an active spirit and attitude is needed. Passiveness, interpreted as an attitude and, implies being downhearted, unable to do anything, or being cynical, being dejected or dispirited. Of course this is not the spiritual appearance of an ambitious revolutionary and a pioneer. The glorious task of the new era of socialist modernization and construction demands that this kind of passive attitude be completely banished. On various sides, we should inspire our spirit to perform our task well, give play to the active factors, and overcome the passive factors.

/6091

CS0: 4004/59

insist on taking the socialist road, are capable of effectively developing various kinds of work, and work creatively for realizing the party's general tasks of the new period.

It is worthwhile to point out that comrades who have attached importance to studying the knowledge of management science and overlooked the study of Marxist theories obviously do not have full-scale and deep knowledge of management. Management is a most complex area in human practice and activities. Management embodies policymaking, planning, directing, supervising, organizing, auditing, and regulating the activities of the various stages of the gross process in social production. Management science is formed and developed from actual practice in production. It is a scientific system for the comprehensive study of the relationship between the productive forces and production and also of the economic foundation and its upper structures. It is a branch of science in between social science and natural science, is permeated with technological science, and possesses the special features of having many functions, many layers, and many attributes. In order to effectively manage the activities in social production, exchange, distribution, and consumption, leaders and managers in any country must possess corresponding knowledge in social science, natural science, and technological science. As for management science in our country, its theories and system of knowledge are even more complex. It is permeated by the theories of communism, Marxist philosophy, and political economy, and by Marxist theories on the socialist state and law, and so on. If we do not honestly study Marxism, including the important decisions and documents of the party Central Committee since the 3d Plenum of the 11th CPC Central Committee and important talks by leadership cadres of the Central Committee, we shall find it difficult to serve as clear-headed leaders and managers and naturally cannot learn well the knowledge of management science or use it creatively and effectively in actual work. From this, we can see that the structure of the knowledge of socialist management science is formed by the mutual intersection, blending, or permeating of the basic viewpoints and methods of Marxism with the regulatory knowledge relevant to the various phases of social production. This determines that the study of management science cannot for a moment be separated from the basic theories of Marxism. Therefore, we should not take the study of management science and the study of Marxism as opposed to each other and separated from each other.

The major objects of management work are the two big systems of man and materials, with the system of man being the most important. In the system of productive forces and the entire management, man is the most lively, most capable, and most active factor. The fountain of the vitality of enterprises lies in the activism, wisdom, and creative power of the mental and manual workers. "All material factors can be developed and realized only by means of the man factor." ("On the 10 Big Relationships") Hence, performing well the job relative to man and arousing all of man's socialist enthusiasm constitute one of the basic tasks of the management work of socialist states. It would be vain talk if in the socialist period we wished to perform well man's work without the guidance of Marxism. In his important address at the gathering celebrating the 60th anniversary of the founding of our party, Comrade Hu Yaobang pointed out: "The most essential aspect of the party's

leadership over the life of the country is to organize and support the people to be masters of the house and to build a new life under socialism." In the various management activities, if only we can, in an overall manner and earnestly, firmly insist on and carry out the above-mentioned viewpoints of Marxism, then the activism, wisdom, and creative power of the broad masses of staff members, workers, and people can be fully displayed, enabling the realization of the best situation of union between man and man and man and materials. In addition, simultaneously with making the maximum contributions to the socialist four modernizations, this can also enable us to correctly understand and handle the interest relationship between the state, the collective, and the individual; enable the workers to obtain the satisfaction they deserve of their rational demands on the material and spiritual sides; and make people feel that in the socialist four modernizations the fruits of their diligent and studious endeavors and contributions have society's acknowledgement and respect, that their warm sentiments for the socialist enterprise have the deserved feedback from society at large, and that in this process their own lofty ideals of staging hard struggles for the communist enterprises are being continuously consolidated and enhanced. In short, management work must ensure that the enterprise or organization must develop healthily on the tracks of construction of socialist material civilization and spiritual civilization and truly become the base area for bringing up a new generation of people who have ideals and are virtuous, cultured, and disciplined. All this can be accomplished only through depending on the basic viewpoints of Marxism infiltrating into the various phases of management work, particularly through making use of Marxist basic theories to perform well man's ideological and political work and continuously improving the level of ideology and theory and the political consciousness of the broad masses of staff members and workers.

This being the case, can it be said that since the system of knowledge in socialist management science has already infiltrated into the basic viewpoints and methodology of socialism, it is no longer necessary to make a further systematic study of Marxism? The answer is no. This is because being merely conversant with individual viewpoints of Marxism manifested and employed in management science is far from being sufficient. Only through studying relatively systematically the basic theories of Marxism in their entirety is it possible to truly comprehensively study and employ well the theories and knowledge of management science and possible to know the facts from theory and reality as well as penetratingly to know the reasons therefor. It is worthwhile pointing out that up to now we still lack a relatively mature system of management science suited to the national conditions of our country. Establishment of such a science must go through the process of guidance by Marxism-Leninism; introducing, selecting, absorbing, and digesting the rational elements of foreign management ideas and methodology; carefully summing up the experiences and lessons of our country in management work over the past several decades; and uniting the new practical experiences to form them into theories. This clearly explains that concurrently with the current studying of knowledge in management science, strengthening the study of the basic theories of Marxism is extremely important. It is true that theoretical workers in management science and comrades engaging in actual leadership and management work may have a

different role to play in the creation of a management science that conforms with the national conditions of our country, or they may have views different from each other, yet undoubtedly they will need to directly or indirectly participate in this process. In this process, they cannot depart from the guidance of the basic theories of Marxism which help us to unveil and grasp the management laws of socialist construction regardless of whether in theory or in practice they analyze, or selectively copy and use, foreign theories of management science, or, in combination with the new conditions and new problems in the course of the reform, sum up, in a down-to-earth manner, our own experiences and lessons in past management work. Not to study and grasp the basic theories of Marxism, management science will lose its overall theoretical foundation and a true Marxist management science cannot be created.

Insofar as the construction enterprises of the socialist four modernizations are concerned, studying Marxism and studying the knowledge of management science are both extremely important. Neither one can be overlooked or neglected. If we only attach importance to and stress the study of Marxist theories and make this study separate from the reality of establishing socialism with Chinese characteristics and refute or abolish the study of the knowledge of management science, then historical lessons will prove this to be harmful. On the other hand, if one attaches importance to and stresses the study of the knowledge of management science and overlooks the study of Marxism, then this possibly can lead to the department or unit under one's leadership and management lose the highly effective guidance of Marxism-Leninism and Mao Zedong Thought and, in the new and complex struggles, consciously and unconsciously depart from the direction of Marxism and socialism. Hence, this lopsidedness is worth our earnest attention and rectification. That management cadres possess relatively systematic knowledge of management science is no doubt an advantageous condition for studying Marxist theories; for cadres lacking management knowledge past to strive hard now to learn the knowledge of management science will naturally help in penetratingly studying the theories of Marxism. If only everybody can firmly remember that "if we want realization of the four modernizations in China, it is necessary in ideology and in politics to insist on the four basic principles" ("Selections of Deng Xiaoping's Works," p 150) and attach importance to studying specialized knowledge and also to studying the theories of Marxism, then after making tireless efforts, we surely can make our own political quality and business quality rise to a new level.

/6091

CSO: 4004/57

HAVE A FULL UNDERSTANDING OF THE DIFFICULTY AND COMPLEXITY OF SWITCHING FROM AN OLD STRUCTURE TO A NEW ONE

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 38-41

[Article by Gao Shangquan [7559 1424 0356]]

[Text] The reform of the economic structure in our country has entered into a new stage. The coexistence of the new and old economic structures, their mutual intersection and gradual transition are the most important features of this stage. In the current economic life of our country, the planning mechanism and the market mechanism coexist, planned prices and market prices coexist, the form of direct management and indirect control and adjustment measures coexist, and a vertical organizational structure and a lateral economic organization coexist. All this illustrates that our country's reform has made progress both in depth and in breadth and at the same time shows that the development and reform of our economy are currently facing an extremely contradictory situation. Hence, a correct understanding of the new conditions of the transition period of the new and old structures and solving well the new problems that have arisen have become key points in continuously pushing forward reform of the economic structure in the cities and towns.

Coexistence of the New and Old Structures Is the Inevitable Course of the Reform

Basically speaking, the reform of the economic structure of our country is, on the understanding of a socialist economy being a planned commodity economy based on the system of public ownership, enforcement of a thorough-going reform of the ossified old structure which is unsuited to the development of the productive forces and to the gradual establishment of a socialist economic structure which has Chinese characteristics and is full of life and vitality. Precisely because of this significance, the reform is our country's second revolution. However, it is impossible to demolish the old structure at one stroke or to have the new structure set up within a day's time. The replacement of the old structure with the new takes the form of a transition in steps. By so doing, within a definite period of time, economic life in our country is bound to run on two tracks. The appearance of such a situation has deep economic and social causes:

--Our country has a population of 1 billion people and its different localities vary greatly from each other in natural conditions, social conditions and in the level of economic and cultural development. The integration of the basic principles of Marxism with China's national conditions, taking one's own road, and establishing a socialist economic structure with Chinese special characteristics constitute a creative enterprise with no preceding experiences to follow.

--The level of development of the productive forces in our country is relatively low and is still like a second rate economy. Modern industry on a preliminary scale and traditional agriculture and handicraft industry are still coexisting. The comparative prices of industrial and agricultural products are still irrational and the degree of dependence on the market is not unified. This determines that the reform must go hand in hand with economic development. A new economic structure should be built on a structure of modernized productive forces.

--Over the past several years, development of the reform has not been balanced. Rural reform was a step ahead, and has achieved successes. From the microeconomic basis to the form of control and adjustment, it has shifted to the track of a planned commodity economy. Reform in the cities and towns has also achieved important successes in the experimental and probing stages. However, in the urban and rural areas, in state-run and collective enterprises, in the various industries and trades, in the regions and between the various links and stages of economic activities, the demolition of the old structure and establishment of the new structure have not developed in an even manner.

--The switch from the old to the new structure does not imply the simple refutation of the whole old structure. The original economic structure of our country did play an active role but has not followed the development of the economy and made the necessary improvements. In particular, there have been serious drawbacks such as the superstitious belief in mandatory planning and overlooking, even casting aside, the law of value and commodity production. At present, the removal of these drawbacks will require some time and, moreover, on the basis of the public ownership system, to combine well planning with the market will still be the long-term tasks of the theoretical circles and actual workers.

--For a prolonged period, the commodity economy of our country has been in an undeveloped state. There must be a suitable process to make the broad masses of the populace become acquainted with the commodity economy and to understand and grasp the objective laws governing the development of the socialist commodity economy. To train a large number of management personnel suited to the great development of the commodity economy will require all the more time.

Hence, the reform of the economic structure of our country cannot be completed at one stroke, or through achieving victory in a single battle. Rather, it requires a gradual process over a rather prolonged period. In the course of this process, the coexistence of the new and old structures

is unavoidable: In the whole economic structure certain portions have been changed, some portions are still in the process of changing, while some other portions are still awaiting the change; a portion of the economic activities have already shifted to the new operating track while another portion has still not yet departed from the original track. The two types of operating mechanisms and the two kinds of management forms do not coexist in a static manner and are not mutually related. Rather, the process is a continuous one of replacing and switching, with one side rising and the other side falling. During the whole Seventh 5-Year Plan period and even a longer period, we shall be in this transitional stage with the new and old structures coexisting and replacing each other.

In the Course of Switching From the Old Structure to the New One, Frictions and Contradictions Inevitably Exist

Double-track coexistence is the inevitable product of the process of switching from the old structure to the new structure and provides the bridge for the ossified old structure to pass over to the new structure that is full of life and vitality. Compared with the old structure's "unifying the universe," double-track operations in the socialist economy doubtlessly represent great progress. However, in the stage of coexistence and replacing each other, the new and old structures, due to the continuous weakening of the original economic structure's administrative planning mechanism and its control and adjustment functions, between the old structure and the new one, the occurrence of serious contradictions and friction cannot be avoided. Moreover, the deepening reform will inevitably touch upon and adjust the original relationships of economic interest while a rational pattern of the new interest relationships cannot be formed all at once. This will result in the unavoidable appearance of certain social difficulties and problems in the economic life of our nation.

First of all, with the coexistence of two kinds of structures, the degree of difficulty of macroeconomic control has considerably increased. Through reform enabling various kinds of economic activities to begin to break through the highly centralized form of unitary planned economy, there has appeared a complex scene of swift development of diversified economic forms, diversified circulation channels and diversified economic liaisons. In economic life, uncertain factors have increased in number while the extent of the "transparent degree" of things has been reduced. This will cause difficulties in the state's statistical, planning and regulatory work on the entire macroeconomic activities. Due to the new controlling mechanism being unable to fully display its functions, frequently it becomes necessary to adopt anew certain traditional direct methods of control. By so doing, two sets of problems may appear. One of them is that it will be easy to return to the old road. The other is that the administrative measures can be effective only for a short while and cannot produce long-range results; they can control only the state-run enterprises but are difficult to control collective and individual enterprises; they will find it easy to control production growth but difficult to restrain the inflation of consumption.

Second, under the conditions of the coexistence of the two kinds of structures, the microeconomic mechanism of the enterprises can hardly be rational. On the one hand, the enterprises, particularly the large and medium-sized enterprises under the system of ownership by the people are still subjected to much administrative intervention and many restrictions and cannot fully display their vitality; on the other hand, the enterprises can see where their own interests lie but the necessary self-restraining mechanism has not yet been formed. Moreover, such basic economic relationships as prices, finance, taxation and so forth have not yet been put in order and since the enterprises vary greatly from each other in their operations, they are unable to compete with each other in conditions of equality. In particular, with the coexistence of planned prices and market prices, it is difficult to evaluate the actual operation benefits of the enterprises. For example, in the same category of steel products manufactured by the same enterprise, the planned allocation prices are lower than those of the free market price of those products of lower quality. The enterprise would thus rather turn out products of lower quality, causing confusion in the functions of the law of value in adjusting production. Hence, the enterprises do not have a strong concept of overall production benefits and are inclined to indulge in irrational short-term practices, and the diseases of "hunger investing" and "competitive distribution" will both erupt easily. Since the enterprises' microeconomic mechanism is irrational, the macroeconomic adjustment measures also do not react sharply, and the state's indirect control cannot achieve its anticipated purposes.

Third, coexistence of the two structures causes many loopholes in economic management. Since the market prices of certain important means of production such as steel materials and motor vehicles and certain durable consumer goods are much higher than their planned prices, and since certain problems still continue to exist in foreign exchange management and control, a small number of people are given the chance to engage in improper practices and may even have the opportunity to commit economic criminal activities. In the process of switching from the old structure to the new one, the enterprises and the market are initially invigorated, but economic legislative and judicial work is still very weak. The necessary inspection, supervision and control work has still fallen behind. In some cases, the demarcation line of policies is not clear enough and, as a result, certain enterprises or individuals have fallen into such practices as trickery and fraud, evading and cheating taxes, inflating prices in another form, generally damaging the interests of the consumers, and so on.

The appearance of these contradictions and problems clearly illustrate the prolonged, difficult and complex character of the transition from the traditional old structure to the new one. How to correctly handle these contradictions and problems has great significance in unifying our ideas and understanding and firmly and irrevocably pushing forward the reform.

Correctly Understanding and Handling the New Problems Arising in the Course of the Reform

Since the all-round reform of the economic reform structure is a big and an extensive, deep, difficult and complex reform, it is virtually impossible to

expect that we can smoothly sail along and meet with no obstacles at all. Reform lashes against traditional ideas and customary forces of a fixed nature. Hence, in ideology people should go through a gradual familiarization process, and it is natural that the problems met with in the reform are understood and interpreted differently.

Some comrades believe that, in the final analysis, the appearance of this kind of problem is caused by the reform not being thorough or complete enough and that only through the coordinated reform of the microeconomic mechanism and macroeconomic control can the problems be solved. This is correct. But they have not understood fully well the enormously difficult and complex nature of switching from the old structure to the new one. They have overlooked the restrictions imposed by the various conditions at the present stage and are too eager for immediate success. There are also some comrades who originally had supported the reform but subsequently became skeptical and wavered in their confidence after facing various difficulties, problems and temporary confusion and setbacks. Naturally, there were also people who, from the beginning, had objected to certain of the reforms and when problems arose they came to the conclusion that the reform was wrong. Problems of this kind need to be continuously rectified by means of ideological and political work directly aimed at them as well as education on the basis of the actual practices in the reform.

First of all, it should be clearly pointed out that in recent years the reform had invigorated the economy, promoted the development of the productive forces, improved the standard of living of the people and enabled our country's socialist modernization and construction to display signs of great prosperity. This is the main stream and the essence of things. The problems met with in the progress of the reform no doubt represent the temporary diversions that we will be able to entirely overcome and are actually being overcome. We should not, by any means, see those problems, being like the branch streams in nature, as representing the whole situation and representing the main stream. All the more we should not, because of meeting a few problems and difficulties, allow ourselves to waver in our confidence in the reform. We must firmly insist on taking the basic direction of developing a socialist planned commodity economy and, in accordance with the arrangements made for the reform designated in the CPC Central Committee's proposal on the Seventh 5-Year Plan, determine the objectives to be reached in the reform during the recent period and ensuing intermediate period, truly placing reform in the front rank of all work. Second, we must note, prevent and overcome blind optimism and impetuous sentiments. We must correctly appraise the restraining factors on the reform from various sides at the present stage. In planning the steps to be taken in the reform, we must give full consideration to the tolerance of the economy and society at large and must push forward the reform in a planned and systematic manner. In the actual work of the reform, we must insist on painstakingly guiding, meticulously planning, being devoted wholeheartedly to the job, working cautiously, earnestly carrying out experiments, sharpening the faculty of anticipation, promptly discovering and solving problems encountered in work and doing the utmost to minimize errors. In the course of the coexistence and switching of the two structures, we must show a clear-cut and resolute

belief and confidence and an irrevocable determination. At the same time, we must have a clear-headed brain and a practical spirit. It must specially be pointed out: Regarding certain pessimistic phenomena in current economic life such as the improper work style, economic criminal activities, and so forth, we should never consider them as the inevitable results of the reform. Even without the reform, bad winds will still persist, while, as for the economic criminal activities, they existed in the past and can be found now, both within the country and abroad. They cannot be completely eliminated even though a new economic structure has been set up and a healthy legal system is in force. Naturally, due to the reform measures in the course of switching from the old structure to the new one not being coordinated or perfect, certain errors in work may be found and certain unstable factors may appear in economic life. There have been cases in which certain individuals hoisted the flag of reform, took advantage of loopholes in our policies and made private gains. Regarding these problems in the course of the reform, we have the responsibility and full confidence to solve them through determinedly and irrevocably pushing forward the reform.

Although the entire reform of the economic structure involves a gradual advancing process which may extend over a rather prolonged period, it is not advisable to allow this situation of the coexistence of two structures with neither one playing the leading role to drag on for long, otherwise the healthy development of the economy and deepening of the reform may be adversely affected. The Seventh 5-Year Plan period is the key period for the reform of our country's economic structure. In order that next year and in the year after next the reform can take large strides forward and so that our economic structure can enter onto a new track, within the Seventh 5-Year Plan period, it is necessary, beginning from this year, that conditions be created on various sides such as in theory, in economic development and in management and actual practices and that all the difficult and detailed preparation work be done well ahead. At present, it is particularly necessary to continue to strengthen and improve the ideological and political work and to continuously enhance the understanding of and the degree of support to the reform on the part of the broad masses of cadres and people. The ideological and political work must be integrated with the realities of the reform and must be able to solve the skepticism of the populace and increase the interflow of information and of ideological sentiments. After a reform program has been determined, we must proceed with extensive and full propagation work and perform well the ideological preparations.

At the moment, the situation of the reform is a good one. Various countries of socialism have been swept by the tide of the reform. The entire party and people of the entire country have acquired a much clearer understanding of the objectives of the reform, their understanding has become more unified and their determination is much firmer now than before. Through several years of practice and probing work, the road of the reform has become increasingly clear, the experiences of the leadership and the masses have been continuously enriched, and the ability to bear the burden on the part of the economy has been greatly augmented. If only we can grasp this opportune moment, display the spirit of the foolish old man removing the mountain, be firm and irrevocable and work meticulously, then it is certain that we can push the reform a big step forward and speed up the switching from the old structure to a new one.

INTEGRATE THE STUDY OF ECONOMIC THEORY WITH THE REALITY OF REFORM

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 42-44

[Article by Wang Shengbang [3769 4141 6721]]

[Text] Since 1984, the Lecturers Group of the Department of Propaganda of the Shijiazhuang Municipal CPC Committee, closely integrating reform of the economic structure with the reality of thought of the cadres, has organized over 20,000 cadres in the municipality to study economic theories of Marxism and has obtained fairly good results. This has enabled the cadres to deepen their understanding of the basic principles of Marxism, enhanced the consciousness of implementing the party's line, guidelines and policies and of wholeheartedly engaging in reform work, strengthened their ability to study and solve new problems and the principled, systematic, anticipatory and creative nature of work, and also aroused their interest and enthusiasm in studying the theories of Marxism. The following are our four major points of procedure and understanding:

I. Insist on Use of New Experiences in Reform of the Economic Structure and New Achievements in Theoretical Studies To Substantiate the Contents of Theoretical Education

The continuous enrichment and development of Marxist theories follow the development of objective practice. The theoretical education of the cadres can reap good effects only through closely following the progress of the times, studying new conditions and explaining new problems. Since the 3d Plenum of the 11th CPC Central Committee, the reform of our economic structure has obtained many new and fresh experiences and the CPC Central Committee has made many new contributions to the economic theories of Marxism. Based on this understanding, in our theoretical education work we have not confined ourselves to past teaching texts, but have boldly cast aside certain outdated contents and enriched the theoretical studies with new achievements. In particular, we have attached importance to absorbing the important theories and viewpoints contained in important documentation and talks by leadership comrades of the party Central Committee. For example, in studying the "socialist economic basis" in political economics, we expostulated the viewpoint that the socialist ownership system must be suited to the demand for development of the productive forces, and explained the reason for small state-run enterprises

to enforce the system of being "owned by the state and run by the collective"; of being run on a rental basis; and even of changing small state-run enterprises into collective enterprises. At that time, in our city, there had already been the incident of Comrade Ma Shengli of the Shijiazhuang Paper Mill contracting for state-run enterprises which caused certain cadres to query whether or not contracting by state-run enterprises would imply changing the character of the system of ownership by the whole people. We then examined the relevant material and, from the classical publications of Marxism and the party's documents and writings, learned the theory that the power of ownership and the power of operation can be separated from each other. In classroom lectures we analyzed the problem and explained that contracting merely represented a change in the form of operation and not any change in the ownership system. Moreover, we supported our explanation by citing the lively fact of a notable improvement in economic benefits following "contracting." This made the vast masses of cadres understand, removed their doubts and enhanced their consciousness in promoting the various forms of the contract responsibility system. Following the promulgation of the "Decision of the CPC Central Committee on Reform of the Economic Structure," we actively organized everybody to study, laying stress on helping everybody to study the important theoretical problems well, such as a socialist economy being a planned commodity economy; the basic task of socialism being the development of the social productive forces; the necessity of a socialist economy employing the law of value, socialist competition, and so forth. This made the cadres more deeply understand Marxist economic theories and also raised their consciousness to implement the "Decision" of the CPC Central Committee and to irrevocably perform a good job in reforming the economic structure.

II. Closely Integrate the Realities of Reform of the Economic Structure and Develop Theoretical Education and Theoretical Research

In spring 1984, when we began the study of theories, it was precisely the time when the whole municipality started reform of the economic structure. We clearly advocated that the study of theories must be integrated with practice in reform of the economic structure. In order to banish the old concepts in the minds of the cadres, the old conventions and the influences of "leftist" ideologies, the municipal party committee clearly pointed out that there must be breakthroughs in 10 directions for the liberation of thinking and the policy of liberalization. We then revolved around these "10 breakthroughs" and employed the principles of political economics to provide them with theoretical elucidation and explanation. Through making an analysis of the purposes of socialist production and the principles governing material benefits, we explained the theoretical basis of the party's policy of enriching the people, thus leading everybody to set up the ideas of gaining affluence and glory through diligence and hard work. By means of analyzing the state of development of the productive forces at the present stage in our country we proved the objective inevitability of the coexistence of a state-run economy and diversified forms of economy with the state-run economy taking the lead, and to help everybody to break the old concept that "socialism is large in size and collective in nature" and that "only the system of ownership by the whole people is socialism," and

to build up the concept of the state, the collective and the individual rising in unison; by means of analyzing the objective demands of distribution according to work, we broke the old concept that "everybody eating from the same big pot" illustrates the strong point of socialism to firmly and irrevocably enforce the principle of distribution according to work, and more work more pay. By means of analyzing that opening up to the outside world is a necessary measure to develop the productive forces we made everybody break the idea of closing the country to international intercourse and standing still refusing to make progress, and so on. By so doing, the broad masses of cadres have deepened their understanding of the "10 breakthrough points" of the municipal party committee and augmented their consciousness in carrying out the reform of the economic structure.

In the course of the reform in our city, we discovered an overall reform road of the "action and reaction" [zhuang ji fan she 2326 2345 0646 1410] type. In this process, we picked out each and every stage of the reform and strived hard to explain it theoretically. The first stage of the reform in our city was to delegate power level by level and invigorate the enterprises. We proceeded to explain in theory the objective inevitability of "contracting" being introduced into the city, thus helping cadres to banish their skepticism. The second stage was the development of horizontal economic combination and we then proceeded to discourse on the reasons for "combination creating new productive forces." The third stage related principally to invigorating large enterprises and linking together microeconomic invigoration and macroeconomic control. Then, in company with the relevant departments, we jointly organized theoretical discussion meetings on the topics of invigorating the large enterprises, comprehensively employing economic levers and bringing into full play the functions of cities and towns. At these meetings, we strived to answer questions that urgently needed elucidation in the actual practices of the reform. Certain leadership comrades of enterprises said: "After learning the theories our vision is widened and our confidence in insisting on the reform and performing the job of management well is all the more strengthened."

In our lectures, we have attached importance to citing illustrations from reform work in the localities. We propagated progressive personages such as Ma Shengli and others, and the experiences of the Dongfang Plasticide jointly operated company in developing horizontal economic combination, and of the First Economic Weaving Plant in introducing the experiences of advanced technology. As for such malicious phenomena as granting excessive bonuses, randomly raising commodity prices and profuse starting of capital construction projects, these were analyzed and criticized from the theoretical standpoint. This not only gave the cadres a feeling of concern, but also drew the leadership of many units to attach importance to the matter and, of their own accord, to narrate to the propaganda department and lecturers groups the conditions of the reform in their own units, and the experiences and problems therein. The municipal party committee and the city government also invited comrades from the propaganda department and the lecturers group to attend certain of their important meetings such as those on planning work, report meetings on reform of the economic structure, on-the-spot meetings touching on management objectives of the enterprises,

and so forth. This provided us with the opportunity to report on the condition and progress of reform, and increasingly strengthened the ability of the lecturers to adequately select topics for their discourses. The relatively smooth progress made by the Shijiazhuang municipality in reform of the economic structure is indivisible from the broad masses of the cadres having acquired a relatively clear understanding of reform theories, and their being relatively conscientious when enforcing and carrying out the party's guidelines and policies.

III. Firmly Insist on Taking the Difficult Problems Encountered by Cadres in the Course of Practice as the Major Points in Theoretical Education

Reform of the economic structure has met unavoidably with many new situations and new problems. As theoretical educational workers, we cannot shirk from the responsibility of using basic Marxist principles to answer the new problems met with in the course of the reform.

In recent years, certain people have entertained the erroneous notion of "socialism being inferior to capitalism." Many cadres, though knowing this to be untrue, were unable to convincingly point out the arguments against it. Against conditions of this kind, in our lectures, first, in theory we clearly pointed out that the replacement of capitalism by socialism and proceeding to communism is the objective law governing mankind's social development. Second, we clearly pointed out the reasons why our economy was not as developed as those of certain capitalist countries: On the one hand, due to our country's weak foundation and, on the other hand, due to our insufficient understanding of the laws governing socialism resulting in the strong points of socialism not having been fully put into play. Third, we pointed out that at the moment our economy has gone on the track of a sustained, stable and coordinated development, and that after several decades of effort we surely would be able to catch up with the developed capitalist states. Fourth, we clearly pointed out that communism was not merely a kind of social system: First of all we mentioned about the communist movement, urging that each and every Communist Party member and cadre should consciously take part in the movement. At the same time, we organized various forms of meetings such as theoretical discussion meetings, speeches and reports made by advanced personages, thus strengthening ideological education. In addition, we expounded the theme that only through reform could the socialist system become perfected with each passing day and develop swiftly, thus banishing from certain people's minds the erroneous impression of "reform being tantamount to going backward." We employed the law of value to explain the problem of the floating of, or changes in, commodity prices. We cited theories on factors forming the labor productivity rate to explain the problem of introducing technology and transforming equipment. As for the cadres who had met with new conditions and new problems in the course of the reform and had obtained the correct answers to them following the theoretical studies, their interest in the studies has become increasingly deepened. In order to find the solution of a problem, they would rise early in the morning and do the hard work. Some of them would carry along the lecture notes and find time to keep on studying even when they were away on business. Some of the cadres,

though exempted from taking tests according to the rules, would enroll to take part in the tests just the same. Even party committee secretaries would personally take part in organizing the propaganda departments' education classes. Originally, the enrollment for tests on political economics had been anticipated as a maximum of 13,000 people, but over 15,000 people actually took part in the tests.

IV. For the Sake of Helping Theoretical Workers To Perform a Good Job in Integrating Theory With Reality, We Have Adopted a Number of Effective Measures

First, we have organized theoretical workers to go deep into actual investigation and research so that they may obtain rich nutrition from actual practice. Over the past 2 years, we have organized the lecturers group teachers to spend nearly 5 months entering deep into the first line of reform to do investigation and research work. This has enabled them to initially grasp the conditions of reform of the economic structure of the entire municipality, and thus be capable of integrating theory with reality and serve reform, much to the appreciation and gratitude of the broad masses of cadres.

Second, through the convening of various kinds of theoretical discussion meetings, we have widened the vision of theoretical workers, and enhanced their ability to make use of economic theories to explain actual practices in reform of the economic structure. Over the past 2 years, we have jointly convened, with the relevant departments, over 10 sessions of various kinds and types of economic theoretical discussion meetings, which were participated in by theoretical and educational workers, theoretical research workers and actual workers. This has enabled us to know the capacity of the cadres in using economic theories to solve actual problems, and to know the actual results of the teaching work. It has also enriched us with new and fresh material for use when integrating theory with reality in the lectures.

Third, we have treated the talented as teachers and learned from those in the know. We treated the reformers as teachers and learned from the actual workers. We have frequently sought lessons from the various economic departments of the municipality, such as the reform, commodity price, finance, currency and materials departments, and from comrades doing actual work in the factories and mines at grass-roots level. Occasionally, we invited them to come to our classes to give lectures so as to achieve a close union between theoretical teaching and research with reality. We have also invited specialists to give lectures, so as to widen the vision of the teachers on theories and make them promptly grasp the latest fruits of theoretical research and strengthen the theoretical quality and business ability of the teaching corps.

75091

CSO: 4004/57

WHY IS IT NECESSARY TO GRADUALLY OPEN UP AND DEVELOP A SOCIALIST FUNDS MARKET?

Beijing RED FLAG in Chinese No 11, 1 Jun 86 pp 44-46

[Article by Wu Xiaoling [0702 2556 7227]]

[Text] A funds market consists of a long-term funds market and a short-term funds market. In the capitalist countries, a short-term funds market is known as a money market. It serves the short-term merging of funds and generally includes such services as short-term bank deposits or loans, discounting of bills, buying and selling of short-term treasury notes, buying and selling of foreign exchange, interbank discounts and loans, and so forth. In capitalist countries a long-term funds market is known as a capital market. It serves long-term investments and the merging of funds, and generally consists of long-term loans, and the buying and selling of negotiable securities such as shares and stocks, corporate bonds, state bonds, and so forth. A funds market can be a tangible thing such as a stock market and can also be intangible such as telephone transactions. But regardless of their form, their role is to serve the merging of funds.

Why is it necessary to gradually open up and develop a socialist funds market? It is the need for the development of a socialist planned commodity economy and is a natural trend of the reform of the economic structure.

First, opening up and developing a socialist funds market is the demand for the further development of a commodity market. Circulation of commodities depends on money as the medium and a commodity exchange that extends in all directions requires the services of a funds circulation network that runs in criss-crossed vertical and lateral directions. However, at present, the investment of credit and loan funds of banks is basically departmental in character and is distributed vertically. This method of management of credit and loan funds according to the demarcation of departments and regions impedes the lateral flow of commodities and adversely affects the flexible operations and movements of the commodity market. Developing a socialist funds market and opening up the services of discounting and rediscounting commercial bills can enable the investment of credit and loan funds to be established on the basis of commodity exchange, render the investment direction of funds, conform with the direction of the flow of commodities and ensure the free circulation of commodities.

Second, the opening up and development of a socialist funds market helps the rational movements of the essential factors of production and improves the utilization benefits of the various kinds of resources. Funds, material resources, technology and labor are the four essential elements of social production. The rational movement and composition of these four essential factors under planned guidance and by means of the market mechanism constitute the precondition for the development of a commodity economy. Opening up and developing a funds market will allow funds to carry out in the markets compensatory distribution of a competitive character and also allow funds to follow the lead of the economic signs of prices, and allow taxation and interest rate to flow toward those departments with low production costs, but high economic benefits. In turn, this will lead material resources, technology and labor to flow toward these departments and thereby bring about the best composition of the essential factors of production and improve the utilization benefits of the materials and resources.

Third, opening up and developing a socialist funds market is beneficial to the state in its employment of economic measures to guide the investment of social funds in those industries and trades that urgently need to be developed and also helps in increasing the social benefits of the use of the funds. Reform of the economic structure has caused enormous changes in the ratio of the primary distribution of the national income and the funds in the hands of enterprises and individuals have increased rather quickly. Currently, the question that urgently needs solution in the state's arrangements of the construction funds is how, on the precondition of giving due respect to the decisionmaking power of the enterprises and individuals, to collect and centralize the scattered funds for use in the industries and trades which the state urgently needs to develop and on major projects. Opening up and developing a funds market is an effective method to solve this problem. In a funds market, financial organs, enterprises and individuals can, through changes in the interest rate and in the prices of negotiable securities, watch the trend of the economic development and accordingly select the direction for their own investments. The state can, on the one hand, float bonds in the funds market and employ economic measures to absorb a portion of the social funds and, on the other hand, by means of such measures as giving a discount or granting a reduction in tax, influence or change the flotation conditions of certain negotiable securities and thus draw social funds to the industries and trades and departments which the state urgently needs to develop. Since the raising of funds from the funds market by the state and enterprises is on a compensatory basis, it strengthens the fund-users' concept of the turnover of funds, interest rates and the results of input and output, and enhances the benefits of the use of funds.

Fourth, opening up and developing a socialist funds market is an important condition for the establishment of macroeconomic control based principally on indirect control. An important task in the reform of the economic structure in the Seventh 5-Year Plan period is the state's management over the enterprises being gradually switched from principally direct control to principally indirect control and the establishment of a new socialist macroeconomic management system. Financial and monetary policies are

important constituent parts of a macroeconomic management structure of principally indirect control. By means of taxation and expenditures, a financial policy influences the primary distribution and redistribution of the national income, influences the economic structure and thereby influences the direction of development of the social economy. Monetary policy is wielded by the central bank which, by means of controlling the quantity of the money supply and the direction of the granting of credit and loan funds, influences the industrial structure, the economic growth rate, commodity prices and international payments, and thereby influences society's economic development. Under a mechanism of indirect control, the central bank's control over the volume of the money supply cannot merely depend on distribution according to targets but must gradually make use of reserve funds for deposits, rediscounting measures and open market business. Rediscounting and open market businesses require the existence of a funds market of a definite degree of development. Without these transactions on commercial bills and notes between the enterprises, the specialized banks will have no bills discounting business to speak of and, in turn, there will be no way to develop the rediscount business, and the central bank's dealings with the specialized banks in discounting their loans can only take the form of ordinary credit and loans and can hardly guide and control the specialized banks with an eye on the direction of usage of the loans funds. Under a mechanism of indirect control, the central bank plays its regulatory role through the use of the interest rate. Changes in the interest rate attract changes in the volume of credit and loans and in investments and thereby influences the development and changes in the economy. Discounting of bills and notes and discounts and loans between contemporary units of an industry or trade are important constituent parts of the funds market. Hence, devoid of a funds market, a monetary policy will lose its theater of activities and indirect control can hardly play its role.

In its outside form, a socialist funds market introduces various kinds of negotiable securities such as commercial bills and notes, and stocks and bonds and learns from, or copies, the management tactics of certain Western countries but, in essence, a socialist funds market is different from a capitalist financial market.

In the first place, a socialist funds market takes the system of public ownership as the basis. Principal patrons of the funds market are financial organs of the public ownership system and enterprises with the public ownership system as their main feature. Transactions between the participant units generally bring about changes in the operation rights of the enterprises and do not change the form of ownership (outside of the state willfully transferring its shares).

Second, a socialist funds market is subjected to the guidance of the state plan. The state must, by means of such measures as credit and loans, interest rates and taxation, guide the direction of the use and input of funds thus to ensure enforcement of the state plan.

The opening up and development of a socialist funds market involves a long-term procedure. Its development depends, to an exceedingly large extent,

on the further reform of the financial structure and also relies on the extent of the enterprises operating autonomously and being solely responsible for their own profits and losses. At the moment, our country still does not possess all the conditions for the formation of a funds market. We can only start with opening up discounting and loans within the same industry or trade and opening up the discounting of bills and notes as gradual measures to facilitate the formation of a short-term funds market.

/6091

CSO: 4004/59

IN EVERYTHING, GOING TO EXTREMES LEADS TO DEVIATION

Beijing RED FLAG in Chinese No 11, 1 Jun 86 p 46

[Article by Liu Linyuan [0491 2651 0337]; reprinted from XUEXI YU YANJIU, No 3, 1986]

[Text] When things develop to an extreme, they then move in the opposite direction. This is a universal pattern revealed by materialist dialectics. China has an ancient saying: "When things reach an extremity, they must return." This refers to the same pattern. The practice of life shows that if people's ideas, even if they are correct ideas and truthful understandings, are taken to extremes, they can exceed the limits of truth and become errors. They may then affect or even endanger the development of the revolutionary cause.

There is no need to state that the deviance which results from going to extremes still exists widely in actual life. For example, when stressing making the cadre ranks more knowledgeable, some comrades have only stressed school records, certificates and academic titles. When stressing making the cadre ranks younger, some cadres have just proceeded on whether a person is a year younger or older than another. In order to reduce the average age of the leading groups, they have put young people who do not meet the standards for the "four modernizations" in leading positions.

The occurrence of deviance resulting from going to extremes is often the result of some cadres seizing on a point of emphasis in actual work and taking it to the extreme. Taking aspects stressed in upper-level directives to extremes is not the correct way to implement upper-level directives and is more a hindrance than a help.

We oppose going to extremes and advocate looking at questions in an overall way. We must differentiate the important and the minor and cannot try to grab everything at once. In actual work, in accordance with the development of constructions between objective things and the needs of work, at times we need to put emphasis on resolving some contradictions or some aspect of a contradiction. This is completely necessary, is a requirement of material dialectics and is a "doctrine of focal points" in actual work. However: 1) The "doctrine of focal points" is not the same as "a doctrine affirming only one aspect." When we stress a contradiction or one aspect

of a contradiction, we cannot ignore the other contradictions or aspects of the contradiction linked to it. 2) In accordance with the objective existence of the contradictions, we must truly reflect the position of the various contradictions in the development of things and the position of each aspect of a contradiction in relation to the entirety of the contradiction. We cannot put the incidental before the fundamental or transpose the primary and the secondary. 3) While we stress a contradiction or one aspect of a contradiction we must have appropriate limits and ensure that we have a good idea of how things stand. We cannot stress things one-sidedly or even break through the limits allowed by things themselves, or divorce ourselves from the original features of the two sides of the contradiction. 4) We must pay attention to the changing situation of a contradiction and, in accordance with the development and changes in objective conditions, adjust our pace in a timely way and make clear the focal points of work.

Materialist dialectics tell us that all things are a unity of quality and quantity. When a thing develops past quantitative limits, then the quality of the thing will undergo changes. A correct idea and a truthful understanding are also like this. All truths are a correct reflection of a thing's essence and its law. This is the content of truth and the determinant of the quality of truth. All truths have certain applicable limits and targets. This is the limit of truth and the quantitative determinant of truth. Quantitative changes lead to qualitative changes. If we use the truth outside its applicable limits, the truth will undergo quantitative changes and become an error. We must bear this firmly in mind.

/6091

CSO: 4004/57

'SMOLDERING' AND 'BURNING'

Beijing RED FLAG in Chinese No 11, 1 Jun 86 p 47

[Article by Liu Mingyang [0491 7686 7122]]

[Text] Along the road, I came across a young friend who works in an organ and, when I asked him how things were, he sighed: "Life is smoldering!"

"Smoldering" made me think of damp firewood which gives off smoke but no flames. When the smoke is finished, the firewood is completely charred and wasted. To describe life like this, I initially thought, was not quite right--that it was too harsh an expression. However, after thinking about it for a while, I came to realize that this analogy has some logic.

In the first month of the year, a newspaper in the capital published an investigation of a particular Beijing organ. It totaled up the amount of time lost through people coming late, leaving early, and using office time for private matters. The high percentage of time lost in this fashion shocked people. From my knowledge, the situation of "a cup of tea, a cigarette and reading the newspaper for half the day" is quite common in many organs in many areas. Is not this type of work attitude like firewood which "only smokes and does not burn"? As to climbing "mountains of documents" and crossing "seas of meetings," writing empty words and speaking in formulas so that all day long one appears to be very busy, while it does seem that things get done, the actual results are very poor. It is like an empty fire and clearly is is another form of "smoldering."

When firewood "smolders," the worst that has happened is that the combustion is wasted. However, when one's life "smolders," what effect does it have? If various organs, which are seen by the masses as representing the party and the government, act in such a way, undoubtedly it will affect tens of thousands of families and various trades and businesses and it will certainly adversely affect the great cause of the four modernizations!

While there are people who are willing to let their lives "smolder," there are not many of them. However, one "adopts local customs on entering a region" and one often ends up "taking things calmly." Both before and after work, time is valuable for one's private matters, but as soon as one steps through the door of the office, wasted time is for other people to worry

about and has nothing to do with oneself. This truly is a strange phenomenon. Luckily, there are still many people who are worried and anxious about this. My young friend is one of them. An "ardent man" should make contributions to the people. Like the older generations of revolutionaries who changed the course of history and the modern generation of earthshaking heroes on the Laoshan frontline, he should let the fire of his life burn fiercely. If someone has such ideals, it is quite normal to be disgusted by the above-mentioned situation of "smoldering." However, just sighing about it will have no effect. "First one is roused, then one tires, and finally one is exhausted." Gradually, one's vigor gets worn down and one "conforms to nature" and everyone follows the precedent of "smoldering." The problem needs to be resolved on the basic level.

There is no harm in looking at the reasons why "things smolder." They are simply: Because work responsibilities are unclear and work styles are not strict, casual "habits become natural"; because organs are overstaffed, there are too many people to carry out the work and there is too much spare time; because there is wrangling between departments, even if one wants to work one cannot; because appointments are made on the basis of relationships and rewards and punishments are not clearly differentiated, it dampens enthusiasm. Also, there is bureaucratism and contempt for skilled persons. Thus, talents lie unused and wasted...in brief, it is a result of structures, systems, and work styles. From this, I have realized the necessity and the urgency of reforms.

Over 20 years ago, I studied middle-school physics and I vaguely remember that for materials to burn fully they need two basic conditions--sufficient oxygen and sufficient temperature. It thus seems that if we are to put an end to things "smoldering," we need to first "provide oxygen" and second "raise the temperature."

Happily, from the beginning of the year, the central organs have taken the lead in readjusting discipline and work style and set an example for the whole country. A new wind is blowing and it can be said that this is "providing oxygen." This is the basis on which to get rid of the phenomenon of "smoldering" in organs. Of course, we have just begun. Much determination, great efforts, overall reforms and rigorous reorganization are still required. The party Central Committee has already stated this. However, cadres within organs need to "raise their temperature." Taking things calmly is no different to apathy and drifting with the tide is also a deplorable situation. What is urgently required is that which Comrade Hu Yaobang pointed out in a meeting of cadres from central organs--devoted study, the strengthening of party spirit, the adherence to discipline and the improvement of efficiency. One should take the lead oneself and create an upsurge in the spring tide of the reforms.

Only in this way will organs at various levels be able to shoulder the ardent expectations of the people and take on the great responsibilities of leading the four modernizations. Also, in this way cadres' lives will not "smolder," but will burn brightly, providing the light and heat for the reforms and the four modernizations.

IT IS NOT TOO LATE TO MAKE UP ON THE ROUNDABOUT WHAT ONE LOST ON THE SWINGS--
READING THE NOVEL 'SUBTRACTING 10 YEARS'

Beijing RED FLAG in Chinese No 11, 1 Jun 86 p 48

[Article by Sun Min [1327 3787]; "Subtracting 10 Years" was carried in RENMIN
WENXUE, No 2, 1986]

[Text] China is now implementing the "summer time system." The system is as
simple as this: Everyone, without exception, has to put their watches 1 hour
forward. The results are really astonishing. Just in terms of electricity,
the nation will save 1.5 billion kilowatts every year!

What the woman author Chen Rong has done is to write not about "summer times,"
but about something bigger and stranger. She has the fantastic idea of a
great plan to "subtract 10 years." Faced with this intriguing "rumor docu-
ment" it is as though we are on a merry-go-round or like looking at a
kaleidoscope. Some people's complex attitudes on the question of age are
revealed. In the contradictory moods and worries of reality these are
portrayed very vividly. The style of the work is strange but it is not
distorted, while the language is brisk and satirical. It is worth reading.

A document of the "Age Research Association of China" subtracts 10 years from
everybody's age and thus the whole organ is overflowing with vigor. The
bureau head, Ji Wenyao, who worries all day about retirement, gets so excited
that he grabs his boss and "swings him around three times." The intellectuals,
older young people, and the middle-aged Miss Xu are all very pleased.

Ten years--it is just the time which people lost in the great catastrophe.
In those years, veteran cadres were forced to leave their posts and go to
cadre schools. There were continual political movements which caused young
people to neglect their studies. The older youth Lin Sufen felt that she
"could not be considered a worker or a peasant and that she did not have the
intellect to be considered an intellectual." Zhang Mingming, in looking at
new scientific materials, feels: "I am unfamiliar with the work, and too old,
and do not have the knowledge." In facing the new period, they feel that they
are in a predicament. They cannot find their place and feelings of hesitation
and loss regularly harass them. Subtracting 10 years is their fantasy for
freeing themselves from this situation. They hope that life will give them
the opportunity of another choice.

Ji Wenyao is a special character. Subtracting 10 years was something which "he always thought about in his dreams" and he is constantly worried about retirement. Is this infatuation with his post the result of a boundless sense of responsibility to revolutionary work, with an enthusiasm which has not diminished and a heroic style still intact? We cannot say that this is not part of the reason. However, seen from the contrast between the oppressiveness of the organ and the situation after the 10 years are subtracted, it is true that he has a greater sense of responsibility for his own interests. During the 10 years, he endured suffering. However, "who can compensate for this loss? How can I be expected to swallow this bitter fruit?" From the tone, it seems that the party and the people owe him something. In his view, the position of bureau head is so important, it is as if he has everything if he has the post. He sighs: "In the past, we really could not live." He begins to make serious new plans--buying Romanian furniture and going on holiday to Lushan and Huangshan. However, although the opportunities are equal--all had 10 years subtracted--vexation is produced. Older comrades want to return to their posts. This is something they had not considered and they cannot refrain from breaking out in a cold sweat. These descriptions vividly portray the vulgar mentality of petty bureaucrats.

As there were no very capable people, Zhang Mingming was to be made bureau head. The world is so changeable, and "subtracting 10 years" batters and disappoints the mental preparations he had so much difficulty making in order to become bureau head. However, in the end, he is one for noble pursuits and he is able to give full play to his abilities in the journey of climbing the peaks of world science and technology. Thus, he has no particular aversion to "subtracting 10 years." What is worthy of note is his worthy wife Xue Minru. This woman, although not of special appearance or abilities, often speaks in words which amaze people. She is open-minded and able to adapt herself to different circumstances, and it is she who is able to sweep away Zhang Mingming's various worries!

It is normal for people to be sensitive about their own aging. This shows that people cherish life and warmly love living. It is also understandable that people are reluctant about leaving, and yearn for, their youth. However, being intoxicated by the illusion of "subtracting 10 years" is quite a gross deception. "Subtracting 10 years" and the "summer time system" are clearly different. The latter simply allows people to shift daytime activities forward by 1 hour, but artificially reducing people's ages so that they become younger is a fruitless action. This fruitless action can lead to such great commotion, but also provides food for thought. It seems that often a theory or decision, if it panders to the wishes of people, is so easily recognized and accepted! People do not even bother to look to see whether it is right or wrong. This work reminds us that sticking to unending fantasies and avoiding contradictions is just like an ostrich hiding its head in the sand. It is better to look at contradictions openly and directly and to self-confidently and consciously keep pace with the times. Since they can ignite an enthusiasm for life, why should we not do those things we should do, full of confidence? An old saying goes: It is not too late to make up on the roundabout what one lost on the swings. It seems

that only if we increase our vigor in work will we really be able to recapture 10 years. In this sense, "Subtracting 10 Years" really is a spring breeze bringing new vigor to depressed lives.

The author uses a hypothetical situation to construct a world--a world of people's souls--to manifest a more profound truth. What the work depicts is not obscure or disordered and it does not, like those preposterous Western works, manifest despair and absurdity. The work still describes actual contradictions while the basic tone is brisk and humorous. This provides an atmosphere of comedy. In accordance with their appropriate logical development, the characters are not confused or disordered. Through the author's description, which is sober and imbued with reality, people come to more clearly realize the power of self-confidence. After powerful satire, we will advance with more solid steps.

/6091

CSO: 4004/59

STRIVE TO EXPLORE THEORY ON REFORM OF THE ECONOMIC STRUCTURE--REVIEWING
'DISCUSSIONS ON THEORETICAL QUESTIONS CONCERNING REFORM OF THE ECONOMIC
STRUCTURE'

Beijing RED FLAG in Chinese No 11, 1 Jun 86 inside back cover

[Book review by Jiang Huanhu [3068 3562 3275]]

[Text] The "Decision of the CPC Central Committee on Reform of the Economic Structure" (briefly termed below as the "Decision") is the guiding principle of the reform of our country's economic structure. Under the guidance of this principle, the reform of the economic structure in our country is developing on a broad and extensive scale and in rather great depth. Reform needs the guidance of theories, and the further study of the big and important theoretical problems mentioned in the "Decision" has significance in pushing forward the development of the reform of our country's economic structure. Following the promulgation of the "Decision," several booklets carrying the "Decision" have been published. A recent publication edited by Comrade Duan Ruofei entitled "Discussions on Theoretical Questions Concerning Reform of the Economic Structure" and printed by the Beijing Industrial Academy Printing House carries some very special features.

This collection of essays has a rather integrated structure. The essays were arranged according to the decision of the editor who developed a unified plan and especially invited several comrades to do the writing work (a number of the essays had been written by the authors and previously appeared in newspapers or magazines; they were later examined and approved, corrected, revised, supplemented and/or rewritten). These essays were compiled on a section on general discussions and three other sections. The section on general discussions followed the structure and sequence of the "Decision" and made an overall and systematic explanation of the main contents of the "Decision." In the first section, the book discusses the general theme of the theoretical nucleus of the "Decision"--the unification of socialism and commodity economy, that is, the problem of the socialist commodity economy; following this, in the second section, several essays separately discussed the main theoretical problems raised in the "Decision" and also discussed several special problems intensively; and in the third section, a further overall study was made on the "Decision" from the perspective of philosophy and scientific socialist theories. By means of the theoretical analysis and summing-up, the reader is enabled to have a

relatively integrated, systematic and deep understanding of the theories governing the reform of the economic structure.

The discussions in this collection of essays emphasize the high-level theoretical problems of the reform of the economic structure. There are both practical problems and theoretical problems which the reform of the economic structure meets with and needs to study and solve. The problems that the essays in this collection emphasize on are theoretical problems, particularly high-level theoretical problems. Only through having a clear understanding of the theoretical problems relating to the reform of the economic structure is it possible to put up a high structure, grasp the whole situation, carry out correct and strategic guidance and lead the reform of the economic structure to proceed along the track of the planned commodity economy of socialism.

This is a compilation of essays of an academic and investigative character. In this big socialist country of ours, to carry out an overall reform of the economic structure is an unprecedented feat in the history of the socialist movement. It is opening up and creating something new. Opening up and creating something new necessarily require as forerunner the liberalization of thinking and new theories. In the face of the reform of the economic structure which brings in its wake broad and deep changes in socioeconomic relationships, for people to entertain different viewpoints is not only normal but also natural. Only through having one hundred schools of thought contend is it possible to bring about the developing and thriving of all sciences, including the economic science. The essays in this compilation, though unanimously acknowledging the correction and importance of the "Decision," display varying degrees of difference from each other from the various perspectives of theoretical viewpoints and methods of presentation and regarding the major issues, conception and exposition. This has significance in widening on various sides people's theoretical vision and opening up people's thinking in examining and studying the reform of the economic structure.

The theoretical workers of our country who took part in writing the articles in this compilation included Comrades Ma Hong, Wang Renzhi, Liu Guoguang, You Lin, Sun Shangqing, Zho Jiong, Wu Jinglian, Lu Xueyi, Zheng Bijian, Yang Qixian, Yuan Mu, Gui Shiyong, Gong Yuzhi, Han Shuying, Dong Fureng, and Xue Muqiao. These essays reflected to a definite degree the new accomplishments and level attained by the current theoretical circles in our country in the research on the problems of the reform of the economic structure. Nevertheless, the practices in the reform of the economic structure are still developing, the understanding is deepening, and the discussions on the problem of the reform of the economic structure are continuing. The emergence of this collection of essays may be taken as a new start in the research work of the theoretical circles of our country and lead to further pondering and probing.

/6091

CSO: 4004/59

END

END OF

FICHE

DATE FILMED

22 AUGUST 1986